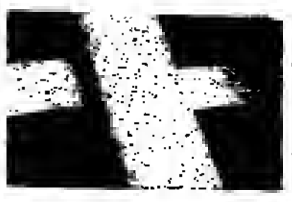

Bildt's battle

Sweden debates the welfare state

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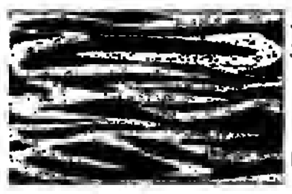

Rough waters

Cleaning up the oceans

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Raising the game

Why planning may be a good thing

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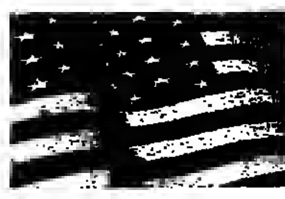

Smoke and mirrors

Behind the Borden deal

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FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY SEPTEMBER 14 1994 — D8523A

Modest rise in US consumer prices boosts Wall Street

US retail inflation remained modest in August, encouraging Wall Street, which had taken fright at Friday's sharper-than-anticipated jump in wholesale prices. The consumer price index rose by 0.3 per cent, the same as in the previous two months. This compares with forecasts of a 0.4 per cent rise and the month's wholesale price rise of 0.6 per cent.

The Dow Jones Industrial Average was up 21 at 3,881 at midday, though the bond market reaction was more restrained, with the 30-year long bond up $\frac{1}{32}$ to yield 7.69 per cent. UK share and bond prices also rallied on news of the US data. Page 16; US stocks, Page 38; London stocks, Page 27

Claes favourite for Nato job: Willy Claes, the Belgian foreign minister, has emerged as the clear favourite to become the next secretary-general of the Nato alliance after securing broad support among European allies. Page 16

British Steel announced its biggest investment since before the recession by paying £85m ($131m) to raise its staka in Avesta Sheffield, the big Anglo-Swedish stainless steel producer, from 40 per cent to 49.9 per cent. Page 17

Goldman Sachs chief to retire early

Stephen Friedman (left), senior partner and chairman of the management committee at Goldman Sachs and arguably the world'a most powerful investment banker, is to retire early at the age of 57, to be replaced by Jon Corzine, joint head of the firm's fixed-income division. Mr Friedman said he made his decision a year ago, and had fixed the date of the announcement in March. Page 17

Hurd looks to Asia markets: UK foreign secretary Douglas Hurd placed promoting British exports to Asia at the top of his agenda when he brought a delegation of British businessmen to a meeting in Bangkok with Chuan Leekpai, the Thai prime minister, at the start of an Asian tour. Page 3

Global agenda agreed at Cairo: The vast majority of the world's governments ended nine days' negotiations at the Cairo conference by endorsing a far-reaching global programme to stabilise population growth into the next century which places enhanced womens' rights at its heart. Page 6

US prepares for invasion: The US government took fresh steps to pave the way for an invasion of Haiti. The Defence Department prepared two aircraft-carriers for duty off Haiti and sent its two most senior defence officials to Congress to try to quell opposition to the proposed invasion. Page 5

Mediobanca, Milan-based merchant bank, increased net profits to L215.9bn ($138.39m) in the year ended June 30, up 7.8 per cent on the L200.1bn profit recorded in the previous year. Page 18

Agent Orange claims backed: A US report saying dioxin is more likely to cause cancer than was previously thought should trigger more compensation for veterans exposed to Agent Orange in the Viatnam war, activists said. Page 4

UK corporate sector is cash-rich: The economic upturn in the UK has left the corporate sector increasingly cash rich, as rising profits and a series of bond and share issues have raised large companies' liquid assets to historically high levels, official figures indicated. Page 8

Optimism on Indian economy: The Indian economy is expected to grow by 5 per cent in the year to the end of March 1995, thanks to a good monsoon and a revival in industrial production, the Reserve Bank of India said. Page 6

Tax cut mooted to cut vodka deaths: Russian officials are debating whether to reduce excise duties on domestic vodka as part of an attempt to curb consumption of bootleg products and low-quality imports which are believed to be responsible for a sharp rise in deaths from alcohol poisoning. Page 16

Dublin move on peace process: The Irish government moved to maintain the momentum behind the Ulster peace process in the wake of Monday'a loyalist bomb attack in central Dublin by opening talks with Sinn Féin, the Irish Republican Army's political wing. Page 9

Commonwealth Bank of Australia, one of Australia's "big four" banks and now partially privatised, announced a profit after tax of A$682.1m (US$507.9m) in the year to end-June, compared with A$443.1m in 1992-93. Page 20

■ STOCK MARKET INDICES		
FT-SE 100:	3,121.4	(-7.4)
Yield	4.05	
FT-SE Eurotrack 100	1,367.41	(-0.68)
FT-SE-A All-Share	1,566.58	(-0.4%)
Nikkei	20,046.11	(+128.83)
New York: lunchtime		
Dow Jones Ind Ave	3,870.1	(+9.76)
S&P Composite	467.01	(+0.8)
■ US LUNCHTIME RATES		
Federal Funds:	$4\frac{11}{16}$%	
3-mo Treas Bills: Yld	4.698%	
Long Bond	$97\frac{13}{32}$	
Yield	7.7%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{15}{16}$%	($5\frac{7}{8}$%)
Liffe long gilt future:	Dec $100\frac{1}{32}$	(Dec $99\frac{15}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Nov)	$16.075	(16.26)
■ GOLD		
New York Comex (Dec)	$394.5	(394.9)
London	$389.7	(391.4)

■ STERLING		
New York lunchtime:		
$	1.56325	
London:		
$	1.5613	(1.5626)
DM	2.4189	(2.4117)
FFr	8.2726	(8.2589)
SFr	2.0171	(2.0071)
Y	154.634	(154.669)
£ Index	79.2	(79.1)
■ DOLLAR		
New York lunchtime:		
DM	1.54485	
FFr	5.2825	
SFr	1.28785	
Y	98.855	
London:		
DM	1.5493	(1.5435)
FFr	5.2987	(5.2855)
SFr	1.292	(1.2845)
Y	99.045	(98.985)
$ Index	62.4	(same)
Tokyo close Y 99.03		

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira70	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Pso60	Syria	S£50.00
Finland	FM14	Kuwait	Fils625	Poland	Zl 38,000	Tunisia	Din1.500
France	FFr9.50	Lebanon	US$1.50	Portugal (m'land)	Es225	Turkey	L30000
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00

France plans to sell 28% of Renault

Unions vow to oppose privatisation of state-owned car group

By John Ridding in Paris and Christopher Brown-Humes in Stockholm

The French government yesterday announced plans for a partial privatisation of Renault, the state-owned motor group which is one of the most attractive assets in the country's public sector and a former bastion of union power.

Mr Edmond Alphandéry, the economy minister, said that the government would sell a 28 per cent stake in the company by the end of the year and that the flotation would be accompanied by a FFr2bn ($370m) capital increase. Industry analysts value the group at between FFr42bn and FFr46bn.

The planned flotation follows an agreement with Volvo, the Swedish motor group, which is to reduce its 20 per cent stake in Renault to 12 per cent immediately with the option of selling a further 4 per cent at the time of the share issue. The two companies have been unravelling a complex system of cross-shareholdings since the collapse of merger plans last December.

Yesterday's announcement follows months of speculation about the sale, which has been complicated by opposition from trade unions and opposition political parties. They claim that privatisation will lead to job losses and that the car company is a national asset which should not be sold. The Confédération Générale du Travail, tha communist-led union, said that it will act against the share issue.

Mr Edouard Balladur, the prime minister, has sought to defuse union opposition by insisting that Renault will remain in French hands and that the government's stake will remain above 50 per cent. He indicated that the shares will be offered principally to French investors and Renault employees.

Mr Louis Schweitzer, the Renault chairman, welcomed tha move. "Wa are an increasingly competitive company and it seems to me that what has been decided gives us an additional trump." He said the capital increase would give Renault valuable development funds.

Industry analysts said they expected strong demand for shares in tha automobile company. Renault is one of the most profitable European car manufacturers and is one of the few international automobile groups to have remained in profit through the industry recession of the past few years. Earlier this month it reported first-half net profits of FFr1.7bn, more than double the figure recorded in the same period in 1993.

"The issue will be attractive to the French public because it is regarded as a strong company and because it is a familiar brand," said one analyat at a Paris securities company. International investors may, however, be frustrated in attempts to buy shares. "It seems the amount of stock available will be limited," one stockbroker said.

Mr Alphandéry said that French industrial and financial groups would participate in the partial privatisation. Probable candidates include Elf Aquitaine, the oil group, which has said it is prepared to invest FFr1bn in Renault, Banque Nationale de Paris and Groupe Lagardère, the media to missiles company.

More hands on tha steering wheel, Page 14

PQ may face uphill battle gaining a majority in a promised referendum

Canadian markets rise after Quebec election

By Bernard Simon in Toronto

Canada's financial markets rose sharply yesterday as investors took heart from the separatist Parti Québécois' unexpectedly narrow victory in Monday's elections in Quebec.

Although the PQ won 77 of the 125 seats in the National Assembly, it gained only 44.7 per cent of the popular vote, compared with 44.3 per cent for the outgoing Liberals.

Bond and currency markets were buoyed by pointers that many Quebeckers voted on Monday for a change in government rather than for independence, and that the PQ may have an uphill battle gaining a majority in a promised referendum to decide whether the predominantly French-speaking province should remain part of Canada. Recent opinion polls show that nearly 60 per cent of Quebeckers oppose outright independence.

However, the PQ's leader, Mr Jacques Parizeau, reiterated his determination to press ahead with a referendum in 1995.

Political observers and economic analysts cautioned that the referendum was likely to be preceded by a divisive campaign in which the new separatist government in Quebec City will be well placed to push its case for independence.

The PQ has pledged to push a formal declaration through the Quebec legislature expressing a desire to begin sovereignty negotiations with Ottawa. It will also set up a commission to draw up an independence constitution.

In English-speaking Canada, Mr Bob Rae, premier of Ontario, urged Mr Parizeau to hold the referendum as soon as possible. "A climate of uncertainty will not in any way contribute to economic growth and recovery."

The PQ, which previously held office from 1976 to 1985, failed to gain a mandate in a referendum 14 years ago to negotiate a loose form of sovereignty for Quebec.

It has indicated that it plans to pursue its goal more vigorously and unambiguously in the coming referendum, although there are divisions in the party on the strategy to be followed.

Mr Parizeau, a former economics professor who obtained his doctorate from the London School of Economics, told a victory rally in Quebec City that: "in 1995, we will go before Quebeckers and ask them the question that will make a people into a country. We have begun a new chapter in our history." But he also sounded a conciliatory note, pledging to work on improving the province's economy.

By contrast, Mr Jean Chrétien, Canada's prime minister, expressed confidence that "Quebeckers will once again

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Polarisation after poll, Page 4

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Reuter

Parti Québécois leader Jacques Parizeau (centre) celebrates his party's election victory with his wife and other party candidates. Mr Parizeau has promised to hold a referendum on Quebec's independence

Toyota to double car production in N America

By Michiyo Nakamoto in Tokyo and Tony Jackson in New York

Toyota, Japan's largest car manufacturer, said yesterday it would raise vehicle production in North America by nearly 50 per cent, more than double engine production there and increase vehicle exports from the US to markets, including Japan, by 60 per cent by 1996.

The announcement came as US and Japanese trade officials continued their last-minute negotiations over how to increase foreign penetration of Japan's vehicle market and reduce the country's huge trade surplus with the US.

The US is poised to take steps towards imposing sanctions against Japan at the end of this month unless an agreement can be reached on several trade issues.

US carmakers reacted coolly to the announcement. Ford said: "The important thing is whether they're doing anything to improve the trade deficit. What would interest us is whether they can increase the amount of US-sourced material in the vehicles. Up to now, we feel they probably have less than 50 per cent North American content."

Toyota's announcement is also the most dramatic indication yet by a Japanese vehicle maker of the pressures the Japanese industry faces from a sharply appreciated yen, trade friction with the US and growing competition from US vehicle manufacturers in the world's biggest car market.

In July, Honda, Japan's third largest carmaker, announced that it would spend $310m on expanding its North American operations to bolster car and engina manufacturing capacity as wall as strengthening its research and development and sales facilities.

Toyota said yesterday it would raise total North American vehicle production to 790,000 units in 1996, up from 533,000 last year. Eight years ago, production in North America was only 14,000 units. The boost in production will mean that more than 60 per cent of the company's US sales will consist of North American-built vehicles, compared with 46 per cent in 1993.

The increase will come from its manufacturing facility in Kentucky, Toyota Motor Manufacturing USA (TMM), from New United Motor Manufacturing, its joint venture with General Motors, and from Toyota Motor Manufacturing Canada.

The company will not increase

Continued on Page 16

Honda's UK output of Civic to double, Page 3

Forte expands role in Savoy shake-up

By Michael Skapinker, Leisure Industries Correspondent

Mr Rocco Forte won a role in the management of the Savoy hotel group yesterday. But the prize of overall control that his family has sought for 13 years eluded him: the Savoy remains an independent company.

The board announced that the Savoy would have a new chairman in Sir Ewen Fergusson, former British ambassador to France. He succeeds Sir Anthony Tuke, who is retiring at the end of the year.

The board said it would appoint a new managing director to succeed Mr Giles Shepard, who resigned on Monday. This is likely to be Mr Ramón Pájares, general manager of London's Four Seasons hotel.

The board added that a new chairman's committee would be set up to work closely with the new managing director. It would include Sir Ewen; Mr Forte, who chairs the Forte group; and Mr John Sinclair, who represents shareholding trusts controlled by the family of Sir Hugh Wontner, Savoy president until his death in 1992.

That is a success for Mr Forte, indicating acceptance that his group has a legitimate interest in the Savoy's future. Forte owns 68 per cent of Savoy's shares and 42 per cent of its votes. Nevertheless, Savoy loyalists such as Sir Hugh and Mr Shepard had long regarded Forte as a cost-cutting group unsuited to run such venerable properties as the Savoy, Claridge's and the Connaught.

The Savoy announcement went on, however, to say: "The board has been informed that discussions between Forte and certain of the trusts which have a significant interest in the share capital of the Savoy have terminated."

That means that tha trusts controlled by the Wontner family are no longer thinking of aligning themselves with Forte to give the latter control. The dual share structure set up by Sir Hugh in the 1950s to see off predators such as Sir Charles Clore and Mr Harold Samuel, and which continues to deprive Forte of overall control, remains in place.

The decisions followed months of acrimony and speculation. The Savoy board gathered at 11.30 am to settle the group's future and by lunchtime had finished after an apparently even-tempered gathering.

Forte, however, was putting a brave face on the outcome. It said it fully associated itself with the words of Sir Anthony, who said: "The board has a common purpose which is to provide the highest-quality service for all our customers at the same time as producing an adequate return for all our shareholders."

CONTENTS

After 14 years in power, the man and his image are crumbling fast, writes **David Buchan**

Mitterrand's 'clarification' adds to confusion

Think of all those between the ages of 15 and 20. Ever since they became conscious of the political life of their country, all they have ever seen is me.

Two months since saying this and in the 14th year of his presidency, President François Mitterrand and his image seem to be crumbling fast. Ostensibly to clarify comments that he had made on his health and his political past remarks to a journalist and a biographer, the French president underwent 90 minutes of questioning on television on Monday night.

Yet, still, he raised more questions than be answered. This was probably inevitable in the case of his health, given the essential unknowability to Mr Mitterrand and his doctors of the precise pace of his prostate cancer. But what he has effectively done is to plunge French politicians into an early election campaign to take his place in the Elysée next May – or earlier – amid revelations that could prove a setback for his own Socialist party and perhaps give a boost to the far right.

Immediate reactions to Mr Mitterrand's TV interview were mixed. Some praised the president's courage in talking about his cancer and his candour in tracing how, unlike most people, he had moved politically from right to left, from his pre-war conservative upbringing eventually to socialism. Others said they were moved, but used the word "pathetic". Mr René Monory, the centrist president of the Senate who would take over as interim head of state if the president died in office or resigned, said: "I was a little sorry to see the president explain himself in such a way...it does not usually end this way".

Still others complained that Mr Mitterrand was overstretching their credulity in asserting that when he went to work for the Vichy collaborationist government in 1942 he knew nothing of the anti-semitic laws it had passed in 1940, and that only in 1986 did he have cause to break off contact with Mr René Bousquet, the ex-Vichy police chief. But even yesterday Mr Mitterrand had a Jewish defender in Mr George Kiejman, his former justice minister, who came to his aid against sharp criticism from Mr Serge Klarsfeld, France's best known Nazi hunter.

But much of the French right believes that the left has now walked into its own trap of identifying itself so strongly with the resistance. Certainly, some Socialists, though not at the very top, were yesterday expressing their "disgust and bitterness" at Mr Mitterrand and calling for "a break with Mitterrandism", defined as a form of persistent "ambiguity" in personal and political relations.

The fact that this ambiguity seems to have persisted right into the Mitterrand presidency appears most to upset the French communist party, which was only allowed by Stalin to enter the anti-German resistance after 1941. In yet another new book on the president called "The Right Hand of God", three French journalists claim Mr Mitterrand has consistently sought to divide the right by promoting and wooing Mr Jean-Marie Le Pen's National Front.

In 1982, they claim, President Mitterrand got the NF more coverage on state television, and between the two rounds of the 1988 election asked Mr Le Pen to swing his vote behind the socialist president, rather than the gaullist candidate, Mr Jacques Chirac. These claims are denied by close Mitterrand associates. But it is the case that the introduction of proportional representation in the 1986 parliamentary elections, designed primarily to minimise Socialist losses, had the side effect of helping the NF.

Yesterday a senior NF party official suggested that "if François Mitterrand was elected despite his real flirt with Vichy, then Jean-Marie Le Pen can be elected despite his false image as a Vichyist". This, too, stretches belief. But it is likely that Mr Le Pen, who is due next Sunday to become the first declared candidate for the 1995 presidential race, will try to turn Mr Mitterrand's revelations to his own benefit.

Meanwhile, Prime Minister Edouard Balladur will try to keep his government ticking over until early 1995 when he intends to announce his own presidential candidacy, against, among others, that of Mr Chirac. But the weekly cabinet meetings on Wednesdays, over which Mr Mitterrand presides, will become even more curious affairs. The president will be watching for divisions in the government which he might divulge publicly, as he did last week to Le Figaro newspaper, while among his ministers, the rival Balladur and Chirac clans will be on the lookout for any sign of increasing presidential infirmity to send them to the hustings.

Stretching credulity: Mitterrand speaking on TV on Monday

Berlusconi heads off pensions protest

By Robert Graham in Rome

Mr Silvio Berlusconi, the Italian prime minister, has temporarily headed off a showdown with the powerful trades union movement over proposed cuts in the generous state pensions scheme.

Cutting pension benefits is an essential element in the right wing coalition's plans to reduce public sector spending in the 1995 budget. Over the past eight days there has been a series of industrial stoppages organised by angry trade unionists. This included yesterday's action at Fiat's usually tranquil Mirafiori plant in Turin.

But after their first meeting on the issue yesterday with Mr Berlusconi, the heads of the three main trades union confederations talked of having made a "step forward". Both Mr Berlusconi and the union leaders said it was important first to establish the principles of how the system was to be reformed, and then discuss the nature of the cuts.

This represents an important change in the government's approach. Until now the emphasis has been on finding a specific sum of money from the cuts. The Treasury has been pushing for cuts of over L8,000bn (£3.31bn) while the labour ministry whose brief directly covers pensions, has suggested the figure be held below L6,000bn.

"We must avoid a negotiation over how much money we are going to cut from welfare payments and instead we must face up to how we are going to reform the system in a way that is compatible with resolving the problem of our public finances," Mr Berlusconi said.

The two sides are due to meet again next Monday. In the meantime union leaders will be meeting ministers discussing other aspects of the budget, especially fiscal policy.

Mr Berlusconi's hands were slightly tied at yesterday's encounter. He had hoped that a special 18-person commission set up in early August to examine pension reform would have completed its report.

However, Monday's completion deadline slipped because commission members, who included technicians and trades union representatives, failed to agree on its contents.

Crimean president ends MP lock-out

By Matthew Kaminski in Simferopol and agencies

The president of Crimea, a breakaway region of Ukraine, yesterday ended a lock-out of the contested region's parliament but the local power struggle remained unresolved.

The tug-of-war between Crimea's parliament and president, a re-run on a smaller scale of the dramatic battle in Russia last autumn, escalated over the week-end when Mr Yuri Meshkov, the Crimean president, locked members of parliament out of their parliament building. Yesterday, after deputies and their supporters seized control of the local television station, Mr Meshkov relented.

However, deputies rejected the "zero option" compromise – whereby Mr Meshkov would cancel decrees shutting the parliament and deputies would rescind laws restricting the president's authority – offered to them by Mr Meshkov.

"I appeal to deputies to start talks tomorrow," Mr Meshkov said in a terse address to the parliament. "I am prepared to meet with you to work out a solution to the constitutional crisis."

Mr Sergei Tsekov, chairman of the parliament, turned down Mr Meshkov's offer and accused the president of seeking a scapegoat for his own failure to deliver the reunion with Russia and economic prosperity he promised Crimeans in presidential elections in January.

The political stalemate in Crimea is the most serious political challenge Ukrainian President Leonid Kuchma has faced since his election in July and could jeopardise the rapprochement in the often tense relations between Ukraine and Russia. However, Russia, which sees Mr Kuchma as a welcome alternative to more nationalist Ukrainian leaders, has helped the Ukrainian government to contain the Crimean conflict by refusing to intervene.

Transferred from Russia to Ukraine only in 1954, the largely Russian inhabitants of Crimea have always been at best lukewarm supporters of Ukrainian independence and both Mr Meshkov and his parliamentary opponents were elected earlier this year on separatist platforms.

But the continuing power struggle in Crimea underscores the difficulties, apparent in break-away regions throughout the former Soviet Union, in translating a popular desire for secession into reality.

Mr Meshkov, described as a "bandit" by parliamentarians, is being attacked for the seemingly contradictory offences of appointing too many politicians from Moscow to his government and being too soft in his bid to break-away from Ukraine and join Russia.

"We voted for him with a dream," Mr Alexander Kurlov, a deputy. "But all he has done is to put Crimean clocks on Moscow time."

Epidemics swamp ailing health system

Chrystia Freeland finds grim prospects for the sick at Moscow's Municipal Hospital No.32

A young blond man in khaki army fatigues lovingly fondles a machine gun under a sign which announces, in large, hastily scrawled block letters: "The Toilet Does Not Work". This is the reception area of Moscow's Municipal Hospital No 32, a stone's throw away from, the sparkling, recently restored White House, which is the seat of the Russian government.

Bleak conditions like these in state hospitals throughout the former Soviet Union are the daily consequence of a health care crisis which has been dramatically exposed this summer by outbreaks of cholera, diphtheria, dysentery, anthrax and Siberian malignant anthrax.

These infectious diseases, which have sprung up everywhere from the Leningrad region on Russia's north-western rim to cities on the Pacific coast, have become so prevalent that one Moscow newspaper has created an "epidemics" column, which informs readers of the day's newest sickness.

Some Russian doctors say that diseases long eliminated in the west have always been prevalent in the Soviet Union but that in the past the Communist regime suppressed news of outbreaks and swiftly imposed a quarantine on infected regions. However, statistically, many parts of the former Soviet Union appear to be suffering a health crisis on a scale normally seen only in wartime. In Russia, Ukraine and Estonia the population is now shrinking, with deaths outnumbering births in some regions by 2 to 1.

The shortcomings in Russia's health care system are apparent at Municipal Hospital No 32, an average hospital in the heart of Moscow. Ten people are crammed into each room and there is one bathroom for every 15 patients.

Dr Boris Storozhilov, the chief doctor at the hospital, says that part of his hospital's malaise stems from the same fiscal squeeze which is bedevilling Russia's entire economy. When their often delayed wages are paid, the 12 doctors who care for the hospital's 170 patients earn 85,000 roubles a month (about $39), nurses earn just 65,000 roubles a month ($30) and nurses' aides get ($18).

"Obviously, these are miserable salaries given the prices booming around us," Dr Storozhilov says. "It is impossible for us to find new, young employees at these rates. Everyone is throwing himself into commerce." Dr Storozhilov says that the hospital has only one tenth of the nurses' aides it once employed and the staff shortage is so acute that doctors race towards female visitors to the hospital with the hopeful question: "You're coming about the job?"

These "miserable" wages are one reason why much of Russia's still nominally state medical system is being privatised by stealth. Dr Storozhilov says that "because of the wild capitalism which is developing all around us and the inability of doctors to do well in this new environment, some doctors take money on the side from their patients for what they should be doing for free."

Hospital No.32 is also suffering indirectly from the economic decline of Russia's state sector. The federal government finances the hospital's operating costs but in the past, typically in a country in which industry and government were part of a single monolithic system, local factories bought most of the equipment for the hospital.

"Now the factories are even poorer than we are," Dr Storozhilov says. "They are working at half capacity and laying workers off, so our medical equipment is rusting away."

Dr Storozhilov has noticed another effect of the collapse of the state factories whose employees his hospital treats. "Today, sick people are afraid to admit it, in case they get laid off," Dr Storozhilov says. "They work until they drop and only then do they come in to the hospital."

When they do arrive, many Russians are now too poor to follow the old Soviet practice of bringing in food from home to supplement their bland hospital diets. "All the refrigerators on our wards, which used to be over-flowing, are now empty," Dr Storozhilov says.

But if, at Hospital No.32, it is the worst of times for some Russians things have never been better. About 10 per cent of Russians now buy private medical insurance which gives them the right to be treated at the elite Kremlin hospitals, whose state of the art facilities used to form the "fourth administration" which ministered to the bodies of politburo members and their families.

BLEAK: an engineer is given an injection in a Moscow hospital

Recovery in W European car sales slackens

The pace of recovery in western Europe's new car market slowed for the second successive month in August.

The 4.7 per cent sales increase over the same month last year compares with monthly rises of up to 13 per cent in the first half of this year, according to ACEA, the European automobile manufacturers association. Reuter reports from Brussels.

However France, Spain and Scandinavia defied the trend. Registrations showed the sharpest percentage gain in Denmark, where they rose 69.7 per cent, and Spain, where they were up 34.5 per cent.

Britain had the most registrations with 452,600, a 2.8 per cent increase.

The worst performances were in Portugal, where registrations fell 11.9 per cent; the Netherlands, down 8.9 per cent; Belgium and Luxembourg, down 4.7 per cent; and Germany, down 4.1 per cent.

Germany still had the second highest number of registrations, at 201,800, followed by France with 147,500.

French registrations rose 18.8 per cent compared with a year earlier.

In separate figures, ACEA said Ford had the largest share of new registrations with 14.7 per cent. Volkswagen was second with 12.7 per cent, followed by General Motors at 12.6 per cent.

Japanese manufacturers, including Nissan, Toyota, Mazda, Honda and Mitsubishi, captured 12.5 per cent of the market, ACEA said.

Fiat had the largest percentage increase in registrations, up 22.1 per cent from August 1993. Volvo registrations dropped 7.5 per cent.

West European New Car Registrations*

	Aug 1994	% Chg yr-on-yr		Aug 1994	% Chg yr-on-yr
UK	452,600	+2.8	Switzerland	17,300	+8.8
Germany	201,800	-4.1	Portugal	14,600	-11.9
France	147,500	+18.8	Denmark	11,200	+69.7
Italy	71,200	+0.4	Sweden	8,600	+12.8
Spain	64,000	+34.5	Greece	7,900	+17.9
Netherlands	26,700	-8.9	Norway	6,200	+29.2
Belgium & Luxembourg	24,200	-4.7	Finland	5,200	+30.0
			Ireland	4,200	+10.5
Austria	17,600	-2.8	Total market	1,081,200	+4.7

*Provisional figures. Source: European Automobile Manufacturers Association (Acea)

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EUROPEAN NEWS DIGEST

Bank to set up works council

Credit Lyonnais, the leading French bank, and the banking unions have agreed to establish a European-wide works council for all its employees including those working in Britain, it was announced yesterday by the Geneva-based International Federation of Commercial Clerical Professional and Technical Employees (FIET). The agreement is the first of its kind in the European banking industry. "This is the start of a new era of positive relationships between management and workers," said Mr Philip Jennings, FIET's general secretary. The bank's management will be required to consult with its employees across Europe on its business strategies, restructurings and employment policy. Employees from 10 European Union countries (except Denmark but including the UK) will have seats on the works council. *Robert Taylor, London*

Italian drugs salesmen held

Italian police have arrested over a dozen drug company representatives and health officials. They are suspected of systematically overcharging hospitals of some L1000bn (£412m) over the past 10 years. Magistrates have warned another 120 people they faceinvestigation in the affair. The arrested officials included representatives of Germany's Bayer and Boehring Mannheim and the US company Beckman Instruments, along with Italian company Dasit.

The drug company officials are alleged to have leased equipment used for blood testing and analysis to health departments almost free of charge in return for being paid up to four times the going price for accompanying chemicals and drugs. Palermo magistrates have sent out documents on the case to other Italian cities so that colleagues can investigate whether there have been similar incidents elsewhere. "This is just the tip of the iceberg," Palermo magistrate Mr Salvatore De Luca was quoted as saying. *Reuter, Palermo.*

Prostitute smugglers arrested

Italian police yesterday said they had broken up a criminal organisation based in Bari capable of smuggling up to 5,000 illegal immigrants a month into the country via the coastline of the Puglia region, on the Adriatic coast. This is the largest immigration ring uncovered and highlights the involvement of organised crime in this increasingly profitable business. More than 20 people were arrested, including Italian nationals, Slavs and North Africans. In addition to being charged with bringing people illegally into Italy, they were accused of organising prostitution and providing false documentation.

The Italian authorities are showing increasing concern over the import of prostitutes. Prostitution has been one of the main activities unaffected by the two-year-long recession. But with the economy beginning to recover the authorities are also anxious to cut-off a new flow of hopeful job seekers. The main problem is Albania. During the summer more than 200 Albanians a week are believed to have entered the country illegally via the Puglian coast. *Robert Graham, Rome.*

Chernomyrdin backs Yeltsin

Russian prime minister Victor Chernomyrdin has denied any presidential aspirations of his own in the 1996 elections. "Now is not the right time to change president," he said. He also warned of new political tensions this winter, but ruled out further "bloody upheavals".

Speaking on German television, he voiced concern about future unemployment and food supplies, but did not predict a repeat of last October's armed rebellion. "We have extremists who think their purpose in life is to demonstrate and shout in the city squares," Mr Chernomyrdin said, but conveyed his "belief in the Russian people". He acknowledged that a recent presidential anti-crime decree giving police greater powers against organised crime was unconstitutional, but said it was essential under current circumstances, "even if it infringes the rules of our constitution". *Reuter, Bonn.*

Russian peacekeepers killed

Two officers from the Russian peacekeeping force in Georgia's breakaway region of Abkhazia were killed and a third was wounded when gunmen fired on their car on Monday night. The officers were the first victims among the Russian peacekeepers since the 3,000-strong force was deployed in the region in July to monitor a fragile ceasefire and the return of about 250,000 Georgian refugees. Russia's defence minister Pavel Grachev said Moscow would apply "the toughest sanctions" against the perpetrators. Mr Grachev said he had sent his deputy, Colonel-General Georgy Kondratyev, to Abkhazia to investigate. A press release issued by the Abkhazian representative in Moscow blamed "a Georgian sabotage group". Abkhazian rebels, supported unofficially by some Russian army officers and volunteers from the Caucasus, drove Georgian government forces from the Black Sea region in a bloody conflict last year. *Reuter, Moscow*

Iliescu calls for consensus

President Ion Iliescu of Romania yesterday urged the government and opposition to co-operate more closely and form a consensus on key areas of economic reform such as privatisation. In a state of the nation speech to parliament, the president said Romania's international standing had improved markedly in the past two years but that parliament needed to become more efficient and to provide foreign investors with further legal guarantees.

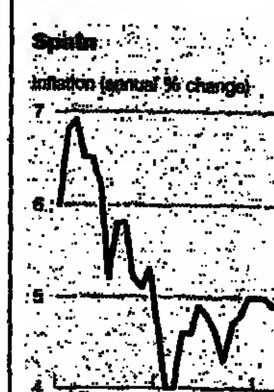
Several laws necessary for Romania's successful transition to a market economy, such as bankruptcy and competition laws, are held up in a backlog of legislation at the country's hung parliament, which is dominated by nationalist and ex-communist parties supporting the president. *Virginia Marsh, Budapest.*

Plutonium seized in Sofia

Bulgaria's interior ministry said yesterday police had seized "unspecified amounts" of allegedly smuggled radioactive substances from a house in Sofia. It said 20 containers had been found, including one with plutonium. Another substances included uranium, thallium 204 and strontium 90. *AP, Sofia*

ECONOMIC WATCH

Spanish inflation swings upward



Higher telephone tariffs helped to push Spain's headline inflation rate up by 0.6 per cent in August, but the annual consumer price index was unchanged at 4.8 per cent. Underlying inflation, which excludes fresh food and energy, rose by 0.4 per cent to lift the year-on-year rate to 4.5 per cent against 4.3 per cent in July. The figures reverse a falling inflation trend over the past months and look certain to delay interest rate cuts forecast by the economy minister last week. Registered unemployment was meanwhile 2.5m, 16.3 per cent of the labour force. The seasonally adjusted figure is estimated to have fallen by 14,000, the biggest fall in August since the 1988-89. *Tom Burns, Madrid*

● Norway's August trade surplus fell sharply to NKr1.6bn from NKr5.7bn in July and compared with NKr3.2bn a year ago. The decline was caused by a 22 per cent drop in oil and gas exports because of summer field maintenance.

● Switzerland's second quarter industrial production was 10 per cent higher than in 1993.

NEWS: WORLD TRADE

Honda's UK output of Civic to double

By Kevin Done, Motor Industry Correspondent, in Paris

Honda yesterday unveiled its new Civic small family car range for the European market. Next year, this will lead the company to more than double production, to around 100,000 cars a year at its UK assembly plant.

Mr Kazue Ito, president of Honda Motor Europe, said total investment at its plant at Swindon, southern England, would rise to £700m ($1.1bn) by the late 1990s, with production capacity rising to more than 150,000 cars a year.

Honda was seeking to increase its annual European car sales to 300,000 a year by the end of the decade from 164,576 last year, and a target of 200,000 in 1995. It aimed to raise its European market share from 1.4 per cent to 2 per cent over the same period, and would increase its European dealer network from 1,700 to 2,300 by 2000. Mr Ito said Honda was aiming to produce around half the cars sold in Europe at its UK plant, with the remainder imported from Japan and the US.

Around 500 jobs will be added at its UK plant by the late 1990s from the level of 2,000 that will be reached by the end of this year.

The five-door Civic unveiled yesterday, which will compete with European rivals such as the Ford Escort, the Volkswagen Golf and the Opel/Vauxhall Astra, is the second car to be built by Honda in Europe following the launch of the Accord at the end of 1992. Volume production of the Civic at Swindon will begin next month, with the car going on sale in some parts of southern Europe in December, in Germany in January and in the UK in March.

The Civic is the first step in an ambitious joint production programme with Rover, the UK carmaker, which will launch a sister car, built under licence from Honda, early next year, to replace the Rover 200/400 range. In the European market, the Civic will replace the Honda Concerto, previously built at Rover's plant at Longbridge, Birmingham.

Honda is aiming to sell around 80,000 of the Civics in Europe next year, while output of the new Rover 400 range at Longbridge will total more than 200,000 a year.

The level of commonality between the Honda and Rover ranges will be around 70 per cent for the bulk of Rover's output, which use its own K-Series engines, but will rise to more than 90 per cent for versions using Honda's automatic transmission and 1.6 litre engine. Honda said yesterday that Rover had been licensed to produce five- and four-door versions of the new range, which will be Rover's most important volume car at its Longbridge plant. The licence would run to the end of the year 2000, but an extension could be negotiated.

The UK-built Honda Civic will have a local European content of more than 80 per cent, with Honda and Rover using a common network of more than 200 suppliers.

Mr Ito said the new Civic was "the most important car" Honda had ever launched in Europe and would be "one of the foundations" of its future expansion. The car is derived from the four-door Honda Domani launched in Japan two years ago. Design and basic engineering was carried out in Japan with some detailed development and testing carried out at Honda R&D centres in the UK and Germany.

Honda said it was achieving an assembly time for the larger Accord at its Swindon plant of 12.5 hours per car.

The Japanese carmaker is negotiating with Rover, PSA Peugeot Citroen of France and other European carmakers for the supply of diesel engines for its European-built cars. It had no plans to produce diesel engines itself.

EU tackles US-Japan trade ties

Guy de Jonquières on Brussels fears over concessions to Washington

The European Union will seek concrete assurances from Tokyo this autumn that Japan will not respond to US pressure on trade by favouring US exporters at the expense of European producers.

Sir Leon Brittan, the European trade commissioner, plans to stress his concern about such discrimination at a long-delayed meeting on November 19 in Tokyo with a Japanese team led by Mr Ryutaro Hashimoto, the minister for international trade and industry.

Though the EU has still to formulate specific demands, commission officials in Brussels say Sir Leon is determined that the meeting agree practical measures to ensure that any Japanese trade concessions to the US are also extended to Europe.

"Sir Leon will be delivering a tacit ultimatum to the Japanese," one official said. He aims to underline the importance of the meeting by taking with him several other senior commissioners.

At last weekend's Quad summit in Los Angeles, Sir Leon taxed Mr Hashimoto with several cases where the EU believes Japan has accorded US suppliers preferential treatment for political reasons.

He is worried that such practices may proliferate as Japan seeks to head off the threat that the US will designate its trade practices as unfair at the end of this month and initiate trade sanctions proceedings under its Super 301 legislation.

Among the instances of apparent discrimination cited by the EU are:

■ A sharp rise in the value of Japanese imports of US cars and car parts in the first half of this year, while imports from Europe fell.

■ Japan Airlines' decision this year to buy Boeing 737-400 aircraft without seriously considering the rival Airbus A320.

■ Japanese carriers' consistent failure to specify Rolls-Royce aero-engines for their airline fleets.

■ Exemption of US medical equipment from inspection procedures still applied to similar European exports.

Several European governments have expressed fears that their exporters may be squeezed out of the Japanese market.

Mr Edouard Balladur, the French prime minister, recently wrote to Mr Tomichi Murayama, his Japanese counterpart, demanding that Dassault be given equal treatment with US companies in bidding to supply support aircraft to Japan's self-defence agency. The November meeting will pose a test of Sir Leon's policy of extracting trade concessions from Japan through patient negotiation, in contrast to the noisily aggressive tactics and threats of sanctions deployed by the US.

The meeting follows a rebuff by tha US and Japan last spring of a proposal by Sir Leon that they should expand their bilateral trade talks to include the EU.

Since last year, EU and Japanese officials have met regularly to try to identify and negotiate away obstacles in cases where internationally successful European companies had difficulty penetrating the Japanese market.

However, the only substantive results so far have been a relaxation of its beer licensing rules and the establishment of joint industry groups to discuss co-operation between European and Japanese manufacturers.

Successive Japanese governments have also resisted EU proposals for ministerial-level trade talks.

It has taken a year since the idea was reluctantly accepted by Tokyo to set up this November's meeting.

EU officials hope that, as well as securing Japanese commitments to equal treatment of European exports, the meeting will expand regular bilateral negotiations to a wider range of industry sectors and markets.


Sir Leon Brittan: will be seeking assurances


Japanese trada and industry minister Ryutaro Hashimoto

Japanese/EU Trade ($m)

	Exports (Japan) (to EU)	Imports (EU to) (Japan)	Balance	Exports	Imports Annual totals	Balance
Q1 91	15969.8	8524.5	7445.1			
Q2 91	14596.8	7536.0	7060.8			
Q3 91	14031.0	7595.4	6435.6			
Q4 91	14959.8	8278.8	6681.0	59557.2	31934.7	27622.5
Q1 92	16615.5	8034.0	8581.5			
Q2 92	15711.3	7530.0	8181.3			
Q3 92	18141.5	7869.9	8271.6			
Q4 92	14390.4	7956.0	6434.4	62858.7	31389.9	31468.8
Q1 93	15621.9	7280.7	8341.2			
Q2 93	14031.6	7502.4	6529.2			
Q3 93	13857.0	7686.9	6170.1			
Q4 93	13087.2	7795.8	5291.4	56597.7	30265.8	26331.9
Q1 94	13988.7	7671.0	6317.7			

Source: OECD

Hurd places exports top of Asia agenda

By Victor Mallet in Bangkok

Mr Douglas Hurd, the UK foreign secretary, yesterday placed the promotion of British exports to Asia at the top of his agenda when he brought a delegation of British businessmen to his meeting with Mr Chuan Leekpai, the Thai prime minister, at the start of an Asian tour.

Britain is the biggest European investor in Thailand, but both Mr Hurd and his entourage of chief executives acknowledged that UK manufacturers had allowed Japan to dominate trade and investment with the region. They said they would try to win contracts in the defence, telecommunications and civil engineering sectors to redress the balance.

"Those of us who've been coming to Bangkok for some years are always astounded by the progress," said Mr Richard Turner, group marketing director for Rolls Royce. "I think that we in Britain have probably not paid enough attention to it in the past."

In his new role as midwife to British business contracts, Mr Hurd attended the signing in Bangkok of an agreement between Balfour Beatty, tha construction arm of BICC, and Thailand's Sahaviriya group, to establish a £3m ($4.65m) joint venture to bid for infrastructure projects in Thailand and other Asian countries.

The construction of everything from road tunnels and airports to factories and power stations in the region will be worth billions of dollars to such companies in the next few years. A feasibility study is now underway for a proposed rail link between Nong Khai in north-eastern Thailand and Vientiane, the capital of Laos.

Mr Hurd also announced the establishment of the Thai-British Business Group, a forum to bring together business executives from the two countries.

Although many companies from Britain and elsewhere in Europe have been slow to take advantage of the rapid growth of south-east Asian economies, there are signs of improvement. Last year UK exports to Thailand rose 38 per cent to £660m, while imports from Thailand rose 20 per cent to £770m.

Mr Hurd noted that some Thai companies – including the Landmark group which recently bought the Royal Lancaster Hotel in London – had invested in Britain, and he urged Thai investors to follow Japan in looking at Britain as a gateway to Europe.

Today Mr Hurd is scheduled to go to Vietnam.

Matra to appeal on Taipei damages

By Laura Tyson in Taipei

Matra Transport, a unit of Matra-Hachette, is expected to appeal against a court ruling which reversed an earlier judgment requiring the Taipei city government to pay the French company NT$1bn ($37m) in damages over a mass transit construction dispute.

In a highly publicised fracas, a government-backed arbitration panel last October awarded Matra the funds in compensation for extensive losses incurred due to construction delays on the 11km Mucha Line of the city's mass rapid transit system. Matra's contract for its section of the transit system is estimated at nearly $300m.

The Taipei district court ruled on Monday that Matra had not followed procedures as outlined in the contract in the event of a dispute. "The main reason the court invalidated the ruling was because Matra didn't follow its contract with Taipei's department of rapid transit system (Dorts) before it sought arbitration," the court said.

Matra had originally sought NT$2bn in damages from Dorts, which it claimed was responsible for the delays.

Following the arbitration panel's ruling, Dorts filed a counter-suit.

Clinton calls for US 'to roll back violence'

By George Graham in Washington

President Bill Clinton yesterday signed into law the anti-crime bill that finally passed both houses of Congress last month after a protracted and partisan battle.

The bill will provide federal money to help pay for the hire more police officers, stiffen sentences for a variety of offences and tighten controls on some types of assault guns.

But it also offers money for community development corporations, improvements to city parks and recreation facilities and studies on sexual assault on college campuses and "battered women's syndrome". "Let us roll up our sleeves and roll back this ewful tide of violence," Mr Clinton said in e White House ceremony to mark the signing.

He called the bill "a big step toward bringing the laws of our land back in line with the values of our people".

However, the legislation is expected to damage US efforts to comply with its obligations under a number of international buman rights conventions by increasing prison overcrowding and by placing the US further outside international norms for treatment of juvenile offenders.

The bill coincides with the publication yesterday of a compliance report for the International Convention on Civil and Political Rights, which tha US ratified in 1992, 15 years after it was first signed by President Jimmy Carter and 26 years after its unanimous adoption by the United Nations.

In the preface to the report, Mr John Shattuck, assistant secretary of state for human rights, acknowledges "areas of concern" including police brutality, the treatment of prisoners and the death penalty.

The US maintained a reservation to the covenant's ban on the execution of juvenile offenders and joins only Bangladesh, Iran, Iraq, Nigeria and Pakietan in continuing to apply the death penalty in some states for crimes committed by juveniles.

Mr Shattuck said Mr Clinton was now reviewing whether to sign the Rights of the Child convention, which provides further guarantees on the treatment of young offenders.

But the crime bill signed yesterday lowers from 15 to 13 the age et which juveniles may be prosecuted as adults for some crimes.

Former treasurer Villalpando jailed for federal tax evasion

Ms Catalina Villalpando, whose signature as US Treasurer once appeared on every dollar bill, was sentenced yesterday to four months in jail for conspiracy, tax evasion and obstructing justice, Renter reports from Washington.

Ms Villalpando, who was treasurer from 1989 to 1992, and one of the highest-ranking Hispanics in President George Bush's administration, admitted that she had under-reported her taxable income in 1989 by about $167,000, cheating the US government out of more than $47,000.

Judge Thomas Hogan rejected her pleas that she be spared prison. He said the sentence would "remind all those who serve in high office" that they are "not beyond the law".

He also placed Ms Villalpando, 54, on three years' probation. During that time, she must speod the first four months in detention at home and perform 200 hours of community service.

The judge added that Ms Villalpando, who had also worked in the Reagan White House, in liaison to the Hispanic community in the US, had a "special burden to obey the law" because of her high government office.

As part of her duties at the Treasury Department, Ms Villalpando ran the mint, the bureau of engraving and printing, and the sevings bonds division.

She took leave of absence from her post after the Federal Bureau of Investigation, in October 1992, had raided her home and an Atlanta telecommunications firm, Communications International, where she had previously worked.

Ms Villalpando has admitted filing false statements to the Treasury department, the office of government ethics and the Senate finance committee to conceal substantial funds she received from her former firm in 1989 and 1990.

Ms Villalpando, who campaigned for Mr Bush among Hispanics, could have received a maximum jail sentence of 15 years and a $750,000 fine.

Ms Villalpando caused controversy at the Republican party convention in 1992 by calling Mr Bill Clinton, then Democratic presidential candidate, and Mr Henry Cisneros, now housing secretary, "skirt chasers". Bush staffers forced her to apologise.

Quebec business warns against splitting

By Robert Gibbens in Montreal

Mr Ghislain Dufour, head of the Quebec Patronat employers' organisation, with more than 400 member companies, yesterday offered to co-operate with Parti Québécois leader Mr Jacques Parizeau, but urged him to focus on jobs, social problems, public finance and high taxes.

"We differ with the PQ on many issues and our offer of co-operation excludes independence," he said. "Mr Parizeau must end the constitutional uncertainty as soon as possible."

Quebec's business leaders largely kept out of the election campaign, while privately backing Mr Daniel Johnson's Liberals.

They opposed Mr Parizeau's promises to the big unions, such as public service job security, his high-spending policies and commitment to separation. Now they are forming a detailed strategy to swing the expected referendum against independence.

Many business leaders yesterday urged the new Quebec government to put the economy first and get the referendum over as soon as possible.

Mr Peter White, chairman of the Canadian arm of Mr Conrad Black's Hollinger publishing empire, said: "They must work on the recovery and competitiveness. The election results require them to put an honest question in a referendum within 10 months."

"The PQ has a mandate to govern but not to lead Quebec into independence," said Mr Michel Vennat, a lawyer-businessman and Counsel for Canadian Unity chairman. "It must work with Ottawa and the other provinces and not isolate itself."

Mr John McCallum, the Royal Bank of Canada's chief economist, said the PQ must co-operate with Canada or Montreal's economy would suffer.

Mr Robert Stewart, chairman of Scott Paper, with several mills, said it would be "very serious" if the PQ assumed it had won a mandate for sovereignty.

David Buchan reports from Paris: The French foreign ministry yesterday reacted to the Parti Québécois election victory by restating its carefully, if inelegantly, worded policy of "non-indifference and non-interference" towards relations between Canada and the majority francophone province.

Determined never to repeat General de Gaulle's incendiary call in 1967 of "Vive le Québec Libre," France has since tried to avoid being seen to take sides between the Canadian and Quebec governments. The foreign ministry spokesman said yesterday Paris "has followed the elections with interest" but would not comment on the result.

France, he said, had "a special historical as well as cultural relationship" with Quebec, but at the same time intended to "pursue the development of its excellent relations" with Canada, whose government is headed at the moment by a French Canadian, Prime Minister Jean Chrétien.

Quebec is not the only Canadian province to belong to La Francophonie, France's answer to the Commonwealth, which groups nearly 50 French-speaking states or regions. New Brunswick, which unlike Quebec is officially bilingual, also belongs.

'Two solitudes' separate further

Bernard Simon on growing polarisation in post-election Quebec

QUEBEC ELECTIONS

PQ leader Jacques Parizeau celebrates his party's win: outgoing Liberal premier Daniel Johnson tastes defeat Pictures: Reuter/AP

Canadians voted this week, for the second time in less than a year, to make their country a more difficult place to govern. By sweeping the separatist Parti Québécois into office in a provincial election, Quebeckers have reinforced polarisation between English and French-speaking Canadians, long described as Canada's "two solitudes", which began in last October's general election.

Recession-weary voters broke with political tradition across the country last year by virtually annihilating two of Canada's three national parties, the Progressive Conservatives, which had held office for nine years, and the left-leaning New Democrats. The third party, the Liberals, easily won the election.

But the opposition benches in the federal Parliament are now filled with MPs from two regional groupings: the Bloc Québécois, which favours Quebec independence, and the Reform Party, with its base in English-speaking western Canada. Reform has little sympathy with bilingualism or Quebec's "unique" status as an outpost of French language and culture.

Federalists took solace yesterday from the relatively narrow margin of the PQ's victory in Quebec. Although it won 77 of the 125 seats in the National Assembly, the PQ's share of the popular vote was only fractionally ahead of the outgoing provincial Liberals. The separatists also won fewer seats on Monday than when they first took office in 1976.

Mr Jean Chrétien, Canada's prime minister, expressed a view likely to be heard from many federalist quarters in the months ahead. "Throughout the election, the Parti Québécois and its leader again and again stated that this election was about a change of provincial government. Nothing else," Mr Chrétien said. "I am convinced that in the coming months Quebeckers will once again demonstrate their profound attachment to being a full part of Canada."

The unexpectedly close result will undoubtedly complicate the PQ's drive towards independence. The party's leader, Mr Jacques Parizeau, has promised to hold a referendum on sovereignty some time in 1995. Even before the election however, there were signs of division in the PQ's ranks about the referendum strategy.

Mr Parizeau sounded a conciliatory note in his victory speech on Monday night. But he also vowed to press ahead with the PQ's *raison d'être*. "In 1995, we will go before Quebeckers and ask them the question that will make a people into a country," Mr Parizeau said. "We have begun a new chapter in our history." The PQ's drive to achieve that goal is likely to test Mr Chrétien's political skills to the limit.

The new government in Quebec will have several weapons to put federalists on the defensive and win support for a "Yes" vote in the referendum, if and when it takes place.

Mr Parizeau plans to push a "solemn declaration" through the National Assembly within the next few weeks expressing Quebec's desire to start negotiations with Ottawa on sovereignty. A committee will be set up to draft a new constitution. The PQ is likely to press for recognition internationally that Quebec is more than just one of Canada's 10 provinces.

At home, Mr Parizeau will lose no opportunity to point out the costs to Quebec of overlapping federal and provincial jurisdictions, and of the slow, often ineffectual, decision-making among the provinces.

He noted in the election campaign that the US, Canada and Mexico took only e few years to draw up a North American free trade agreement, while Canada's 10 provinces have been unable to dismantle their non-tariff trade barriers in 127 years of confederation.

The PQ can count on support from the 54-strong Bloc Québécois contingent in the Ottawa House of Commons. Mr Lucien Bouchard, a former Canadian ambassador in Paris and now the BQ's leader, noted on Monday night that "we will now have two teams to demonstrate the cost of federalism."

Political observers expect the Liberal government in Ottawa will do its best to a avoid a confrontation with the separatists for the next months. Instead, it is expected to go ahead with initiatives – such as social security and health-care reform – which could demonstrate to Quebeckers that being part of Canada has benefits as well as costs.

The prohlem is that the government cannot put Quebec at the top of its agenda without running the risk of alienating the west. The Reform Party, reflecting the views of many English-speaking westerners, takes the view that it would be better for Quebec to leave than to give it special treatment.

Mr Chrétien is expected to maintain a relatively low profile in the run-up to the referendum. His strongly federalist views and country-bumpkin image have damaged his credibility in his native Quebec. Liberals are also acutely aware that Mr Chrétien needs to be seen as the entire country's prime minister. Even before the Quebec election, the federalist forces had begun casting around for a suitable person to lead them in the referendum.

The provincial Liberals' unexpectedly strong showing on Monday has boosted the reputation of their leader, Mr Daniel Johnson, who took over as premier only nine months ago. It would be surprising if Mr Pierre Trudeau, the outspokenly federalist former prime minister, now in semi-retirement in Montreal, did not intervene at some stage.

The man to watch however, is Mr Jean Charest, the youthful Quebecker who is one of only two remaining Conservative MPs in the House of Commons. Mr Charest, briefly deputy prime minister last year under the ill-fated government of Ms Kim Campbell, is widely respected and some Liberals would probably be willing to allow him to hold centre-stage. The risk is he could revive the party.

Dioxin research supports Agent Orange claims

A US report saying dioxin is more likely to cause cancer than was previously thought should trigger more compensation for veterans exposed to Agent Orange in the Vietnam War, activists said yesterday, Reuter reports from Hanoi.

Admiral Elmo Zumwalt, head of a veterans' committee on the issue, said in Hanoi he would ask President Bill Clinton and congressional committees to provide extra funds for research on effects of dioxin.

The report by the US Environmental Protection Agency, released in Washington yesterday, strongly eupported the veterans' cause, he added.

Admiral Zumwalt, tha most senior wartime US commander to visit Vietnam since the war, held talks last weekend with Vietnamese President Le Duc Anh and former communist military commander General Vo Nguyen Giap, who masterminded the US defeat.

Admiral Zumwalt, 73, carries special weight on the Agent Orange issue because of intimate involvement with its use and impact. He ordered it sprayed in southern Vietnam when he commanded US naval forces in Saigon in 1968-70, and became an activist for veterans after his son, a navy lieutenant who had been exposed to the chemicals in Vietnam, died of cancer in 1988.

His associate, Dr Arnold Schechter of New York State University in Syracuse, said research in Vietnam was vital because it had the world's largest contamination of dioxin.

"This report ... concludes that dioxins are much more toxic in a number of different ways than had been thought to be the case previously and it opens up new areas for compensation," he said.

The EPA said dioxin was a potential cause of illnesses other than cancer even at very los levels. These include developmental, reprodnctive, hormonal and immune system problems.

He called for stricter regulation of industries that emit dioxins.

Peru's top lady to run for top job

By Sally Bowen in Lima

Now emerging from the shadow of her husband, Alberto Fujimori, Susana Higuchi wants to take the presidency from him Picture: Reuter

Ms Susana Higuchi, wife of President Alberto Fujimori and in recent weeks his most outspoken critic, has announced that she will run as an opposition candidate for the presidency of Peru in the election due next April.

Her decision – which Peruvians were half-wanting, half-dreading – follows six weeks of public feuding by the presidential pair. It will polarise the national political scene.

Many Peruvians also fear it will cloud their country's rapidly improving international image with the spectre of instability.

Announcing both her candidacy and the formation of a new political movement – Harmony Twenty-first Century – Ms Higuchi firmly rejected that interpretation.

"When I see so much corruption, so many broken pledges, I feel the moral obligation to confront the closed circles of political power," she said. "I will fulfil the commitments my husband assumed, but with the transparency Peru deserves."

Her husband and his ruling alliance may accuse her of disloyalty, but her intention, she said, is to expose illegality, unconstitutionality and corruption within the government, rather than to oppose policy.

In past weeks, Ms Higuchi has laid a series of allegations before state prosecutors, denouncing various cabinet ministers for corruption.

The charges, she complains, have been shelved with only cursory investigation. She also says her private telephone is constantly tapped and that she is being prevented from seeing her four teenage children.

Although early opinion polls do not indicate much public support for Ms Higuchi, her corruption allegations – if substantiated – could be damaging to an administration which has vaunted its honesty and "technocratic" approach.

Besides, with Mr Javier Pérez de Cuéllar, former UN secretary-general, expected to announce his candidacy on September 23, what once looked to be an easy ride to re-election for Mr Fujimori could be a tough campaign.

Mr Fujimori, exasperated at the transformation into political opponent of his once-loyal wife, who was a linch-pin of his 1990 presidential campaign, has stripped her of her official title of First Lady.

Ms Higuchi has now moved out of the government palace to camp in a pre-university academy which she founded years ago with her husband. From there, she will run the foundation for underprivileged children over which she presides – and her campaign.

The Harmony political movement – the word "party" is still taboo in Peru thanks both to previous political crises and systematic vilification of the party political system by Mr Fujimori – is, as yet, an unknown factor.

It seems to be rooted in a women's groop with backing from several respected feminist lawyers who have been helping Ms Higuchi to launch her political career.

There remains a legal stumbling-block to a candidacy by Ms Higuchi, however. For her to run, the national electoral board, which is supposed to be independent, will have to quash a law, recently passed by the ruling Fujimori alliance, which prohibits relatives of the president seeking elective office in Peru.

Ms Higuchi claims the law is unconstitutional.

Brazil to cut wide range of tariffs

By Angus Foster in Rio de Janeiro

Brazil is to lower import tariffs on up to 13,000 items, as part of the government's efforts to fight inflation.

The tariff reductions were due to take effect from January 1, so as to coincide with the opening of the Mercosur trade pact's customs union. Instead, the government will lower tariffs now to stimulate imports and stop domestic producers raising prices.

Brazil's maximum import tariff will fall from 35 per cent to 20 per cent, once the measure takes effect, probably this week. The average tariff, which has been falling since the country started opening its economy to competition in 1990, will drop to 14 per cent, compared to about 20 per cent two years ago.

According to the finance ministry, increased imports will help add to domestic supply and avert bottlenecks in the economy. Since the new Brazilian currency, the Real, was launched in July, inflation has fallen sharply and led to an increase in consumer spending. Some economists are now worried about possible shortages and price rises.

Higher imports will also add to demand for US dollars. The Real is linked to the dollar but, since its launch, it has appreciated 15 per cent against the US currency as investment has flowed into Brazil. This has mainly been directed at the stock market, where investors are excited about the prospects of the former finance minister Mr Fernando Henrique Cardoso winning the presidential election on October 3.

The Real's strength is starting to worry manufacturers, who say that exports could suffer.

The main sectors affected by the tariff reductions include cars and consumer goods. The government has not accepted calls for import quotas from Brazil's car-makers, whose workers remained on strike yesterday over a pay claim.

US readies at home and at sea to invade Haiti

By James Harding in Washington

The US government yesterday took fresh steps to pave the way for an invasion of Haiti. The defence department readied two aircraft-carriers for duty off Haiti and sent its two most senior defence officials to Congress to try to quell domestic opposition.

The military and media preparations are exciting speculation in Washington that, after weeks of vacillation, the administration has reluctantly committed itself to an invasion as early as next week, if the Haitian military leaders do not step down in the next few days.

Mr Warren Christopher, US secretary of state, has appeared frequently on television in the past few days, explaining the reasons for an invasion and giving US credibility worldwide as the primary justification. Mr Anthony Lake, national security adviser, yesterday echoed Mr Christopher, saying: "Our action in Haiti will send a message far beyond our region."

On the Senate floor, however, leading Republicans warned President Bill Clinton against invading Haiti. "It is time, Mr President, to put an end to gunboat liberalism," said Mr Dan Coats, a Republican on the Senate armed services committee. "There is no US national security interest at stake in Haiti and there is no reason to risk even one American life."

The strident attacks followed a letter to the Democratic congressional leaders, from prominent Republicans in the House and the Senate on Monday, demanding "an immediate opportunity to debate and vote on a resolution authorising the employment of US armed forces in Haiti".

Mr Thomas Foley, Speaker of the House, yesterday said: "It is possible there will be a vote – next week at the earliest."

However, the administration is understood to oppose a vote for fear of finding its foreign policy stymied by overwhelming opposition in Congress. Instead, it intends to explain the reasons and plans for an invasion so as to win, if not the support, at least the acquiescence of Republican leaders.

Mr William Perry, defence secretary, and Gen John Shalikashvili, chairman of the joint chiefs of staff, went to the offices of Senator Bob Dole, Republican minority leader, for closed talks on the operation.

The Pentagon has ordered the aircraft carrier USS America, now docked in Norfolk, Virginia, to join the USS Eisenhower in the military operation. There are already more than 15 US Navy ships in the Caribbean.

Two cheers for Venezuelan growth plan

Joseph Mann and Stephen Fidler on reaction to a two-year economic reform programme

Businessmen in Caracas expressed moderate optimism yesterday about a two-year economic plan unveiled by the Venezuelan government this week, but it was criticised by some as insufficiently ambitious and lacking detail.

The most common criticism surrounded the plan's lack of precision about how the ambitious macroeconomic goals set for 1995 would be achieved and when controls on prices and foreign exchange transactions would be dismantled.

The government said it would cut 1995 inflation to 25 per cent from this year's projected 65 per cent mainly by eliminating a stubborn fiscal deficit; achieve positive GDP growth in 1995 after two years of recession; and obtain $3bn or more from privatisations this year and next.

It also indicated an intention to reform the system of employee severance benefits, a hindrance to investment, and to raise domestic petrol prices, probably in 1995.

Mr Jorge Redmond, president of Conindustria, an industrial association whose members represent around 7,000 companies, called the plan "a step in the right direction" and said it contained "all the points required for economic recovery". But he said: "We still need to see the 'how' of the government programme".

Mr Francisco Vivancos, a professor of economics at the Andres Bello Catholic University, called the plan "a good first step" and an integrated approach to the country's economic problems. There was, however, no "explicit definition" of policies covering the exchange rate of the Venezuelan bolívar or exchange controls, and the role of an independent central bank was not discussed.

He raised questions about the "extreme emphasis" given to projected government revenues, a lack of reference to public sector spending cuts, and the "moral risk" of refinancing the debt of troubled businesses rather than linking state credits to successful companies that increase productivity.

Mr Carlos Rafael Silva, former minister of finance and ex-president of the central bank, asserted said the plan addressed "the major objectives of economic policy", but worried that there was no "reference to reducing government spending".

Analysts at Bear Stearns in New York said the plan "fell short of the ambitious overhaul that we might have hoped for." There were "encouraging aspects" but the "absence of concrete major reforms, combined with obstacles the Venezuelan government is likely to encounter in trying to reach its goals, leads us to stop short of upgrading our investment outlook for equities."

● The Venezuelan government has decided to take full control of Banco Consolidado, one of the country's largest commercial banks, and several of its subsidiary companies.

Consolidado began receiving government financial assistance in early August. The bank will remain open and will be run by government-appointed executives.

The takeover means the government has taken over three of Venezuela's four largest financial institutions since the banking crisis began earlier this year. The government said Monday that 17 of the country's 50 banks remain in critical condition.

Cuban beaches empty as refugee ban imposed

By Pascal Fletcher in Havana

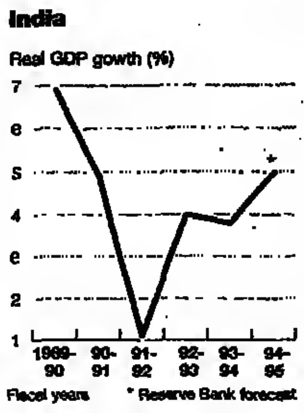
Beaches near Havana, Cuba's capital, were deserted yesterday after the Cuban authorities reimposed a ban on illegal departures under an immigration accord agreed with the US on Friday.

"The fury seems to have passed," an Interior Ministry police officer said at a beach at Brisas del Mar, about 18 miles east of Havana. A few days before, Brisas del Mar and Cojimar, another beach near Havana, had been crowded with makeshift rafts and boats as hundreds of refugees set off north across the Straits of Florida.

The Cuban authorities gave a 72-hour grace period ending midday yesterday for would-be rafters to give up their attempts. The authorities said force would be used after the deadline if necessary to halt illegal departures by sea to the US.

India economy expected to see 5% growth

By Stefan Wagstyl in New Delhi



The Indian economy is expected to grow by 5 per cent in the year to the end of March 1995, thanks to a good monsoon and a revival in industrial production, the Reserve Bank of India, the central bank, said yesterday.

The RBI forecast, in its annual report was markedly more optimistic than at any time since the country embarked on economic liberalisation in mid-1991. It said that the flow of new issues in the capital markets and increases in lending by long-term development banks indicated a jump in private investment after three years of stagnation.

The report forecast growth in real terms of 3 per cent in agriculture, 7 per cent in industrial output and 10 per cent in private investment. These figures point to a considerable gain over last year when the economy grew by just 3.8 per cent. But the forecast economic growth rate of 5 per cent is still short of the 5.5 per cent achieved in the pre-reform 1980s and even further behind the rates achieved by India's leading economic rivals, including Indonesia and China.

The central bank warned that inflation, running at an annual rate of 9-10 per cent, had to be cut by 4 percentage points and urged the government to reduce public borrowing by reforming taxation, improving expenditure controls and phasing out subsidies, except for those aimed at the poor.

In a strongly-worded passage, the bank insisted the government had to reduce its debts or else "sharply rising interest payments could well crowd out vital expenditures". It said interest payments would this year swallow 53.4 per cent of government revenues, up from 39 per cent in 1990-91. The bank urged the government to set "a finite time horizon" on efforts to reduce borrowing. It praised the government for reductions in the first few months of 1994-95, due to a surge in tax revenues, but said more long-term efforts were needed.

The bank estimated that the combined fiscal deficit for the central government and state governments together in 1993-94 was 8.9 per cent of GDP, up from 7 per cent the previous year. The figures compare with a figure of 7.4 per cent for the central government alone.

The report also commented upon the recent increases in foreign exchange reserves, fuelled mainly by a rapid rise of foreign exchange inflows due principally to foreign portfolio investment.

Job quota move sparks violence

By Stefan Wagstyl

A strike called in support of lower caste demands for job quotas in tha north Indian state of Uttar Pradesh yesterday passed off with sporadic incidents of violence in which three people were killed and 250 injured.

Shops were closed in cities throughout the state and road and rail transport was disrupted. But public offices and banks mostly stayed open, according to reports from Lucknow, the state capital.

The strike was called by the Bahujan Samaj party and the Samajwadi party, the state's ruling parties, which represent the lower castes and which came to office last year promising to implement job quotas. Their attempts to put the pledge into effect has provoked inter-caste violence which has threatened to bring down the state government.

Violent incidents wera reported from at least 10 different districts, including the Hindu holy city of Varanasi (Benares) and the industrial centre of Allahabad, where the police fired on demonstrators who charged court buildings.

Mr Mulayam Singh Yadav, the chief minister, told a public meeting near the city of Chaziabad yesterday that job quotas would be implemanted even at the cost of the collapse of his government.

China's trade surplus at $170m

By Our Correspondent in Beijing

China posted a $170m (£110m) trade surplus in August, the first after more than a year of deficit, Chinese customs officials said yesterday.

The General Administration of Customs attributed the positive trade report to the elimination of the two-tiered foreign exchange system this year, according to a report in the official English language China Daily.

In January, China moved to a single currency by eliminating Foreign Exchange Certificates (FEC), which were traded to foreigners in exchange for hard currency at a rate of Yn5.8 to the US dollar. The regular currency traded at Yn8.7 to the US dollar.

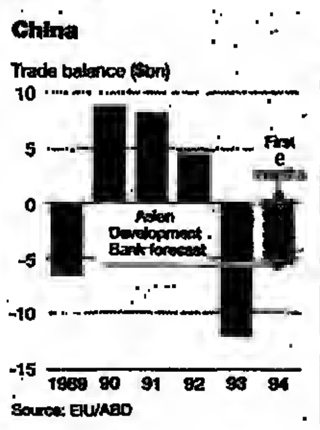
After three years of trade surpluses, China recorded a $12.18bn trade deficit in 1993 as economic growth of 13 per cent fuelled imports of oil, steel, machinery, aircraft, cars and electronic goods.

The government did not report exact figures for imports and exports in August but said the $170m surplus was a marked improvement over the $70m deficit of July and reflected new momentum in exports.

Government and western economists had not expected the currency switch to forestall another trade deficit for China in 1994, because of rising prices and a continuing economic boom, but customs officials reported that the yuan's effective devaluation had made Chinese exports more competitive and imports costlier.

For the first eight months of 1994 exports surged 31.5 per cent to $68.95bn and imports climbed 18.3 per cent to $68.85bn.

Customs officials reported that China's trade with Japan, Hong Kong, the US and the European Community, Taiwan, South Korea, Russia and members of the Association of South-east Asian Nations totalled $118.78bn or 86.2 per cent of overall trade volume during the first eight months of this year.



Grudging Vatican backs global agenda

By Mark Nicholson in Cairo

The vast majority of the world's governments yesterday ended nine gruelling days' negotiations by endorsing a far-reaching global programme to stabilise population growth into the next century which places enhanced womens' rights at its heart.

The Vatican and a core of hardline Roman Catholic states said they could not embrace critical parts of the International Conference on Population and Development's 113-page final document bearing on abortion and other issues anathema to Roman Catholicism. Argentina, Ecuador, Peru, Malta and the Dominican Republic joined the Holy See in its reservations.

In a statement to the closing plenary, Archbishop Renato Martino, head of the Vatican delegation, said the Holy See wished "in some way to join the consensus even if in an incomplete or partial manner," but could not endorse substantial parts of the text, particularly those governing abortion and those "seen as accepting extra-marital sexual activities".

"Nothing the Holy See has done in this consensus process should be interpreted as an endorsement of concepts it cannot support for moral reasons. Especially nothing is to be understood to imply that the Holy See endorses abortion or has in any way changed its moral position concerning abortion, or on contraceptives, or sterilisation or the use of condoms in HIV AIDS prevention programmes."

Several Moslem countries, including Iran, Libya, Algeria, Syria and Afghanistan, stated reservations to parts of the final text, especially references to "reproductive health" services for "individuals", holding such language to endorse adolescent and extra-marital sex.

The document was greeted by womens' rights activists as a big advance on the 1974 and 1984 UN population conferences. "I think we won a victory here," said Mrs Francis Kissling, president of Catholics for a Free Choice, a US lobby group.

Cairo hits new note on population

But whether pledges will be kept remains open, Mark Nicholson writes

Any attempt to gather the world's nations and forge in clear language, acceptable to all cultures, religions and traditions a 20-year programme for government policies bearing on human beings' most intimate behaviour was always going to be ambitious. But the International Conference on Population and Development has, to the broad satisfaction of the vast majority of more than 150 governments, managed to agree an international document which meets this extraordinary goal.

There were reservations to words in the text from some Moslem countries and the predictable objection of the Vatican and its staunchest Catholic allies over abortion and related issues. But few in Cairo felt these had detracted from the central thrust of the conference's document, which provides a complex, and costly, global programme of action for stabilising world population growth beyond the year 2000.

There is nothing new about the problem Cairo addressed. As the text's preamble explains, the world's population will have risen from the present 5.6bn people to between 7.8bn and 12.5bn by 2050, according to low and high variants of present UN projections. Only implementation of the text's programme would keep population growth close to the low variant, it states.

What is new from Cairo ("revolutionary", according to some) is the shift in emphasis in the means of stabilising population growth: away from a mechanistic focus on sheer numbers and the simple provision of family planning services towards a "holistic" developmental attack on population problems which places enhanced womens' rights at its core.

As the text puts it, the programme "commits the international community to quantitative goals in three areas that are mutually supporting", which it states as "education, especially for girls; infant, child and maternal mortality reduction, and the provision of universal access to family planning and reproductive health services".

To the delight of the myriad womens' groups lobbying the conference, very few states quibbled with the document's focus on the "empowerment" of women, even though such feminist language and the rights implicit in the term were unfamiliar, even alien, to many states.

Far more contentious was the definition of "reproductive and sexual health". For many Moslem countries this new concept was at first too laden with connotations of licentiousness to be acceptable, and much of the negotiations focused on stripping from this concept any offending ambiguities while retaining what mostly western health professionals considered to be a vital international definition of an essentially new area of health care.

It was a shift, said one, from a focus on the "plumbing" of reproduction to a broader conception of maternal health and women's rights, along with an acknowledgement of the "pleasures sexual life can give".

In the end, said one delegate, the Moslem participants "totally understood" the concept, and endorsed it. Indeed, western negotiators had nothing but praise for their Moslem counterparts, notably Iran, Egypt and Pakistan, which a European delegate called "conscientious, trustworthy and informed".

For the Vatican, and a handful of hard-line Roman Catholic states, however, the concept of "reproductive health" could be stripped of what, in their view, amounted to endorsement of abortion. These countries stood alone, since, despite pre-conference talk of an "unholy alliance" between the Vatican and some Moslem states, none took shape. Abortion in most Moslem countries is, anyway, permitted when the mother's life is at risk.

The Holy See's chief intent in Cairo was to prevent the document from being open to the interpretation that it enshrined a right to abortion. Its dogged fight did at least succeed in keeping the issue at the centre of negotiations all week, much to the chagrin of numerous developing countries which had wanted the focus placed more firmly on the "development" part of the conference's title.

A whole week was spent anguishing over one paragraph (8:25), which stated that while abortion should not be promoted as a method of family planning, governments should nevertheless address it as an important health concern.

Sadik Nafis, secretary general of the United Nations population conference, telling the press yesterday that the Cairo meeting had been a success *Associated Press*

But Cairo closed with the Vatican's opponents claiming victory. As even one Holy See delegate admitted ruefully, having had 30-40 states behind it before the conference, it ended with just a handful of hardline allies.

Moreover, as Mr Nicolaas Biegman, Dutch ambassador to the UN put it: "The Vatican was not able to turn the spirit of the document, because its spirit is individual choice and giving individuals the right to plan their families in their own way, including with contraception".

Whether such lofty concepts translate into action in the shanty-towns of Rio or the slum suburbs of Cairo is, of course, the $17bn question - the sum the document says must be devoted to reproductive health programmes worldwide in 2000, rising to $21.7bn (£14.4bn) in 2015.

Donor countries such as the US, UK, Japan and others pledged more money at the conference to such programmes, but the programme of action places the burden of resources, some two-thirds of the total, on countries to provide themselves. Whether this burden will be carried remains an open question, particularly in the poorest countries where population growth is greatest.

But many at the conference argued that the nit-pickingly-argued language of the document already would, in fact, make a difference.

According to Ms Susanna Rance, a member of the Bolivian delegation and head of the Bolivian Reproductive Rights Committee, an internationally-agreed text on "reproductive rights" would provide a powerful shield for her own non-governmental organisation and the Bolivian government against what she said had been persistent attacks by the local Catholic church on their family planning programmes.

"They had been arguing that our programmes were coercive. Now we can point to the document and say these are fundamental health issues and internationally backed," she says.

Other delegates saw the worth of the conference in having simply forced more than 150 countries to concentrate on their own population policies. "It's just bound to freshen every government's mind on the subject," one Canadian delegate said. "That's achievement enough and had occurred before the thing even opened."

The effects of Cairo 94 cannot properly be assessed now, or perhaps until the next UN population conference 10 years hence. One certainty is that the world's population is set to grow by at least 90m a year until then. Whether the Vatican's message will be so clearly heard *then*, above the millions of new voices is perhaps less sure.

Why Japan's Socialists had to drop their political baggage of the 1940s

It is the latest step in erosion of the old political structure, writes William Dawkins

Japan's Socialists yesterday completed a belated high-speed turn to the right, having taken just a few weeks to cover the same ideological ground as their European counterparts did in decades.

Their conversion to the centre ground was perfected when the cabinet of Socialist Prime Minister Tomiichi Murayama, a profound pacifist, agreed to send troops, albeit lightly-armed ones, to help Rwandan refugees in Zaire.

This is the same man who only two years ago led his party in an "ox-walk" on the floor of parliament, waddling up to the ballot box at snails' pace to delay a vote on sending troops to assist the UN in Cambodia, the first overseas mission by Japan's military since the second world war.

The Social Democratic party's change in strategy was made official at an extraordinary party convention two weeks ago, in which members dumped the party's traditional insistence that Japan's military action was unconstitutional, and abandoned the party's formal wish to tear up the US-Japan security treaty.

It is the latest step in the erosion of the old structure of Japanese politics over the past year. The immediate aim of the Socialists' about-turn is to fit closer with the conservative Liberal Democratic party, the government coalition's senior partner. The LDP was the SDP's adversary for nearly 40 years until they joined forces at the end of June.

But irrespective of the exigencies of running a coalition with the conservatives, the SDP's outdated policies had been overdue for change. Its ideology had remained more or less the same since the 1947 administration of Mr Tetsu Katayama, Japan's only Socialist prime minister until Mr Murayama won power by uniting with his old foes, the LDP.

The SDP's pacifist anti-US formula has held decreasing interest for Japan's electorate since the end of the Cold War. In Mr Katayama's day, the then Japan Socialist Party had 143 seats in the lower house of parliament, down to 136 by the turn of this decade. Last year's general election, in which the LDP lost power, nearly halved the Socialists' parliamentary seats to a mere 70.

Union membership has similarly slid, from 56 per cent of the workforce in 1949 to 24.4 per cent in 1992, well below European levele. Union leadership has been thrown into turmoil by the recent resignation of Mr Akira Yamagishi, founding father of Rengo, the union confederation.

Yet the Japanese Socialists' transformation has been quite different to the swing to the centre over the past decade by its European counterparts. Unlike in Europe, social policy has played no part in the change.

Japan's SDP has always laid more emphasis on foreign and defence matters and less on social policy than European socialists. The Socialists have never taken the initiative in traditional left-wing subjects, such as social policy, consumer affairs or environment. Social affairs have tended to be the preserve of the LDP.

This may be because Japan's SDP, unlike the conservatives, lacks well-funded think-tanks. Until becoming a member of the government a year ago, the SDP did not need such things, because its leaders had become used to a comfortable working relationship with the LDP during Japan's long period of one-party conservative rule.

SDP and LDP politicians informally overcame differences in a little-known parliamentary body, the oddly named "counter-measures" committee. In this forum the Socialists were able to push for important legislation on pensions and medical insurance, adjusted and adopted by the LDP as its own.

So it is little surprise that the LDP is today taking the lead on the biggest social issue facing Japan: how to provide for the growing number of pensioners. Here, the SDP is following social policy of a kind by opposing the finance ministry's plan for a rise in sales tax, designed to cope with the "grey wave" but also likely to hit the low-paid.

The LDP is sympathetic to the finance ministry line, that a rise in indirect tax is needed to compensate for the fall in the income tax base caused by an ageing population.

The tax debate shows that despite the abandonment of its other policies and the disarray of the union movement, the SDP is not on the brink of disintegration. "The SDP is behaving like a sponge, just absorbing the shocks," says Mr Takashi Inoguchi, professor of politics at Tokyo University.

Its other strength during the turmoils of the past year has been to maintain the party's unity just enough to provide the swing votes that dictate the balance of power.

The SDP made it possible for Mr Morihiro Hosokawa and his allies to put together the first non-LDP government since 1955 last year. In June, the Socialists' decision to ally with the LDP brought down the ensuing coalition of Mr Tsutomu Hata.

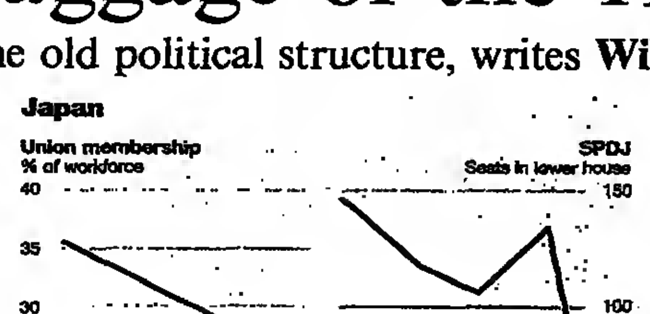
Yesterday's evidence that the SDP is getting more capable of operating as a government party means its odd marriaga with the LDP may last longer than first seemed likely. Analysts think the government may be able hold off the next general election for a year or more. The SDP's success in throwing off its old policies means Japanese politics may be passing from upheaval to relative stability.

Japan's governing coalition of Socialists and conservatives yesterday decided to send 470 soldiers to Zaire and Kenya, to help Rwandan refugees, William Dawkins reports from Tokyo.

The three-month mission, to start on Saturday, is the third post-war use of Japanese troops abroad since Japanese participation in United Nations peacekeeping in Cambodia and Mozambique over the past two years.

Japan's African mission, in response to a request from the UN High Commissioner for Refugees, coincides with the relaunch of its hesitant bid to become a permanent member of the UN security council, the biggest test of Japan's will to assume international responsibilities equal to its economic weight.

A cabinet meeting yesterday gave Mr Yohei Kono, foreign minister, clearance to voice Japan's wish for membership at a speech to the UN on September 27, on condition that Japan does not use force on UN duties, in line with its constitutional ban on using force to settle foreign disputes.



Banks raise lending rates

By Gerard Baker in Tokyo

Japan's leading banks will today raise their long-term prime lending rate, the rate charged on loans to their most creditworthy customers, by 0.2 percentage points to 4.9 per cent, the second increase in little over a month.

The decision, announced yesterday by 11 big commercial banks, reflects the sharp rise in bond yields since the start of the year.

The yield on the government's 10-year benchmark bond has risen from 3.2 per cent in January to 4.5 per cent this week as investors have grown increasingly optimistic about the country's economic prospects, and more fearful of resurgent inflation.

That improving confidence was reflected in figures published yesterday by the government's Economic Planning Agency (EPA) that suggested the long slump in capital spending may be ending.

Private-sector machinery orders, excluding orders for ships and from electric power companies, declined by a seasonally-adjusted 5.8 per cent in July from the previous month, to a total of Y895.4bn (£5.79bn). The figure represents a rise of 2.6 per cent on July last year. But an EPA spokesman said the longer-term trend suggested capital spending was on course to rise 1.1 per cent in the current quarter compared with the previous three months.

That optimistic assessment was supported by a Japan Development Bank survey published yesterday showing companies expect their capital investment to fall just 2.4 per cent in the year to March.

US and N Korea talk in Pyongyang

By John Burton in Seoul

The US and North Korea yesterday ended what were described as "serious and co-operative" talks in Pyongyang about the establishment of liaison offices as a first step to diplomatic relations.

The US is offering improved relations in return for North Korea accepting full international nuclear inspections and a stop to its current nuclear programme.

The discussions in Pyongyang, which began on Saturday, have focused on technical matters such as selecting a location for the US office in North Korea. But no details about the talks were disclosed in a short joint statement.

A decision on whether to proceed with the liaison offices will come after the US and North Korea resume high-level negotiations in Geneva on September 23 to settle the nuclear dispute.

North Korea offered several conciliatory gestures yesterday, indicating satisfaction with talks with the US. It returned the remains of 14 US soldiers killed during the Korean war and allowed International Atomic Energy Agency experts access to a fuel fabrication plant and a fresh fuel storage building they had previously been barred from.

The US and North Korea are also meeting in Berlin this week to discuss the means to deprive Pyongyang of the ability to produce weapons-grade plutonium from its nuclear programme.

The measures include converting the North's nuclear programme to safer light-water reactors, providing alternative energy during the 10-year conversion process, and the final disposal of plutonium-rich nuclear fuel rods recently removed from the North's 5MW reactor.

One stumbling block to the successful outcome of the Berlin talks is the North's insistence that the new light water reactors should be provided by Russia, since it has had experience operating Soviet-designed reactors.

Instead, the US and South Korea want the North to accept US-designed reactors being used by Seoul. South Korea has said it will refuse to finance the bulk of the estimated $4bn (£2.6bn) project unless its companies are involved in the programme. Mr Robert Gallucci, the chief US delegate to the Geneva talks, will arrive in Seoul today to discuss the issue.

Australia port strike ends

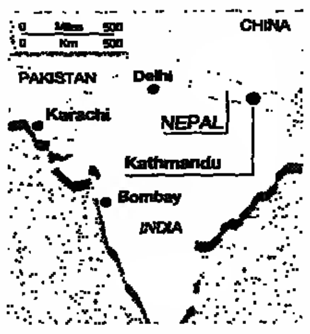
By Nikki Tait in Sydney

The six-day shutdown of Australia's ports ended yesterday, with maritime union members agreeing to return to work after Canberra reversed its decision not to sell Australian National Line.

The government had announced plans to privatise the business, but last month declared "it couldn't be given away". This prompted union fears that it was to be wound down, triggering the shutdown. Yesterday, the government said it would put the line up for tender, subject to Australian Labor Party approval.

Nepal faces fresh round of riots and upheaval

By Stefan Wagstyl in New Delhi



Nepal is in the midst of its most severe political upheaval since 1990 when riots in Kathmandu led to the overthrow of a royalist autocracy and the establishment of a democratically-elected government.

The troubles began in July when Mr Girija Prasad Koirala, the prime minister, lost a vital vote in the assembly, dissolved parliament and called a surprise general election for November.

Demonstrators snpporting the dissidents and the Nepali Communist Party (United Marxist Leninist), tha main opposition party, protested when Mr Koirala also succeeded in persuading King Birendra to retain him in a "caretaking" capacity. The prime minister's enemies fear he could use his poaition to manipulate the coming elections.

Nepal is bracing itself for another round of violent demonstrations after dissidents and the opposition failed this week to persuade the Supreme Court to restore the old parliament.

The crisis is partly a product of internal wrangling in the Congress party and partly a reflection of a deeper malaise: frustration that three years of democracy have yet to generate real social and economic gains for most Nepalis.

Mr Koirala recognises the problem. "It isn't possible for a poor country like Nepal to satisfy all the aspirations of the people," he told the FT in an interview. "The transition (from autocracy to democracy) is a hard time for the government."

Mr Koirala's ruling Nepali Congress party came to power after riots in Kathmandu in 1990 led to the overthrow of King Birendra's royalist autocracy and the holding of the country's first free elections in May 1991. The king became a constitutional monarch.

But a party forged in decades of anti-government struggle had tronble adjusting to running an administration. The three elderly men at the helm of Congress, Mr Koirala, aged 70, Mr K. Bhattarai, the party president, also 70, and Mr Ganesh Man Singh, the party supremo, 80, could not agree on sharing power.

The rows came to a head in February wben Mr Bhattarai, who is not a member of parliament, failed to win a seat in a by-election and blamed Mr Koirala for his defeat. Mr Bhattarai, supported by Mr Man Singh, led an increasingly vocal campaign against Mr Koirala, which eventually resulted in a parliamentary defeat for the prime minister over the annual development plan.

The communist party and other groups on the extreme left hope to make gains in the election. But observers believe the beoeficiary of the turmoil could be the small royalist party on the right which is capitalising on a modest wave of support for King Birendra.

The winner will inherit an economy which has made moderate progress in recent years. Mr Koirala's government has actively pursued pro-market economic reforms. Although less developed than India, Nepal has moved faster than its huge neighbour in important areas, notably privatisation. Seven state-owned businesses have heen sold to entrepreneurs, including a brickworks and a tile factory.

Mr Koirala has also cut government borrowings, reduced inflation to below 10 per cent and reformed the electricity industry to put it on a commercial footing. He expects soon to sign an agreement with the World Bank to build a controversial $760m (£506m) hydro-electric dam on the Arun River. The scheme, which some Nepalese think is over-ambitious, would he Nepal's single largest investment.

Despite these gains, the country continues to face daunting economic challenges, above all improving the lot of its 19m people, half of whom live in poverty and one-third of whom are illiterate. Only 10 per cent of Nepalis get electricity.

After two years of slow growth caused hy drought, the economy rebounded sharply in the year to July 1994, recording growth of 7.7 per cent. But with the population growing at 2.1 per cent a year, Nepal needs a faster rate of growth to generate sufficient resources for public investment.

Foreign aid, running at $300m annually, remains a vital resource.

Exports, which totalled about $400m in 1993-94, are growing fast, mainly due to the rapid rise in sales of hand-knotted carpets and ready-made garments. But the carpet industry is plagued hy negative publicity ahout child labour.

Tourism also contrihutes steadily to foreign earnings, though tour operators have failed to promote Nepal successfully as an up-market destination. They complain that the crowds of back-packing visitors do not spend enough.

Land-locked Nepal's high transport costs make developing competitive industries difficult, despite low wage costs. Trade and investment must come from India, but the Nepalese fear that opening their doors wider will lead to excessive Indian influence. Mr Koirala has been criticised, for example, for an agreement with India over sharing power from a dam on the border.

Paramilitary police watching strikers in the Bangladeshi capital, Dhaka, yesterday during the nationwide work stoppage Reuter

BANGLADESH PROTEST STRIKE TURNS TO VIOLENCE

Nearly 50 people were injured by bombs and stone-throwing in scattered violence during the third day of a strike in Bangladesh yesterday, Reuter reports from Dhaka.

The main clashes were in the capital, Dhaka, and the port city of Chittagong. The work stoppage has been called by the main opposition party, the Awami League, and its allies, the Jatiya party and fundamantalist Jamaat-e-Islami, to press demands for the government to resign and hold new elections.

The opposition accuses the government of prime minister Begum Khaleda Zia of being inefficient, partisan and corrupt.

The ruling Bangladesh Nationalist party's secretary-general, Mr Abdus Salam Talukder, said the opposition was playing with "non-issues" in an effort to push the country into chaos.

The strike has forced all road transport off the streets and closed offices and schools across the country.

N-states facing pressure on treaty

By Frances Williams in Geneva

The five declared nuclear weapons states are under growing pressure to begin negotiations on comprehensive nuclear disarmament to ensure renewal of the Nuclear Non-Proliferation Treaty. Delegates from more than 100 countries are meeting in Geneva this week to prepare for the NPT extension conference to be held next spring in New York.

On Monday seven non-aligned countries – Colombia, Egypt, Indonesia, Iran, Mexico, Myanmar (Burma) and Nigeria – called on the nuclear powers to commit themselves to eliminate nuclear weapons "within a time-bound framework".

This call was backed yesterday by two former American and Soviet disarmament negotiators, Mr George Bunn and Mr Roland Timerbaev, who argue thet the nuclear weapons states – the United States, Russia, Britain, France and China – have failed to fulfil their side of the non-proliferation bargain.

Under Article 6 of the NPT, signed in 1968, the five undertook "in good faith" to negotiate an end to the nuclear arms race and eventual nuclear disarmament. A number of developing countries have made an indefinite renewal of the NPT, desired hy western oations, conditional on progress towards these goals. Tbese include conclusion of a comprehensive test ban treaty now being negotiated in Geneva.

Manila impresses mission from IMF

By Jose Galang in Manila

The Philippines has received higb marks from a visiting International Monetary Fund (IMF) team completing the first review of the country's performance under a new economic programme.

Mr Khadim Al-Eyd, head of the mission, said at the end of his visit yesterday that the Philippines ecooomic growth rate could reach 5 per cent this year.

The IMF last June approved a $684m credit support for the Philippines' growth-oriented, tbree-year economic programme.

The mission said it was impressed by the strength of the Philippines recovery, thus far led by investment and exports. Bolstered by strong showings in the manufacturing and agricultaral sectors, the Philippines economy grew by 5.1 per cent in the first half of this year, more than double its record for the same period last year.

Tbe IMF also announced that Mr Michel Camdessus, the IMF managing director, will visit Manila on October 16-18, at the invitation of the Philippines president, Mr Fidel Ramos.

Meanwhile, the World Bank has approved a $227m loan for a Philippines geothermal energy project, which is supported for the first time by the bank's reformulated co-financing operation. The project is on the island of Leyte.

Kazakhstan plan to move capital

By John Thornhill in Moscow

Several government ministries based in Alma Ata, Kazakhstan, are preparing to move to Akhmola as the impetus to change the country's capital gathers pace.

Mr Nursultan Nazarbayev, Kazakhstan's president, has repeatedly advocated moving the capital to Akhmola, a more central location.

The move may also help conoter calls from Russian nationalists in the north of the country to unite with the motherland.

Akhmola, formerly known as Tselinograd, is located about 1,000km norto of Alma Ata, which is tucked away in the south-eastern corner of tbe country. Western diplomats in Alma Ata suggest that changing the capital would radically shift the country's political centre of gravity.

"Tbe political implications are extremely sensitive because it moves the capital close to the Russian elements in the north of the country," said one diplomat. "The Russians account for about 35 per cent of the country's population but at present they feel physically separated from the capital in the south-east."

Western executives based in Almaty are worried that moving tha capital would add another layer of complexity to doing business.

NEWS: UK

Corporate sector cash rich after recovery

By Gillian Tett, Economics Staff

The economic upturn in the UK has left ths corporate sector increasingly cash rich, as rising profits and a series of bond and share issues have raised large companies' liquid assets to historically high levels, official figures yesterday indicated.

The data is likely to boost City hopes that investment, which has lagged well behind the rest of the economic recovery so far, may pick up later this year. However, the Confederation of British Industry yesterday pointed out that concerns about demand may still be depressing investment intentions in spite of the increasing availability of internal corporate finance.

The CSO said that the liquid assets of large non-manufacturing companies at the end of June were at their highest level for over 15 years. The liquidity ratio of these companies rose to a seasonally adjusted 178 per cent in the second quarter of the year.

The level of liquid assets in the manufacturing sector was slightly lower, running at 127 per cent in the second quarter of the year.

Measured overall, the liquidity ratio of the UK's largest companies was 147 per cent, unchanged on the previous quarter and the highest in the series' 10 year history.

The survey, which covers about three quarters of the total net assets of the industrial and commercial sector, calculates the ratio by measuring current assets maturing in less than a year as a share of liabilities that must be repaid in less than a year.

The CSO yesterday said that the key reason for the rise in liquidity was that the corporate sector hsd conducted a series of issues in recent months, against a background of rising profits and steady repayments of bank debts accrued in the 1980s.

In another development which indicates the increasing health of the UK corporate sector the CBI yesterday said productivity was outstripping pay in the manufacturing sector.

Tax change fails to cut fees for foreign students

Motoko Rich reports on EFL

When Richard and Sue Johns, directors of Kingsway English Centre, a private langusge school in Worcester, signed a contract to build new premises, they had no idea it would result in a tax nightmare.

Just after they completed the building deal, Customs & Excise granted all independent English language schools exemption from value added tax, effective from this month.

So far so good. The government's decision came after several ysars of lobbying by Britain's 1,000-plus private English-as-a-foreign-language schools to be on an equal footing with the 200 English-teaching state colleges, which have always been exempt.

But VAT exemption has a down side. The Johns, for example, can no longer reclaim VAT on some of the supplies and services, such as building materials, they buy for the school.

They have decided to create a company to build the premises. That company will reclaim the VAT and the school will rent the property.

The Johns' juggling is an example of how VAT exemption has turned out to be a mixed blessing for an industry which claims to be the UK's eighth-largest source of invisible earnings, ahead of film, television and advertising.

For the 550,000 people who travel to Britain each year to study English and spend about £570m during their stay, the VAT change has not produced widespread price reductions.

No school has discounted prices by anywhere near the 17.5 per cent rate of VAT. A few have cut fees by as much as 5 per cent, but most are merely refraining from increasing fees this year.

The schools say it is not simply a matter of cutting their fees by 17.5 per cent. "The savings from not charging VAT are much less than most people assume," said Mr Timothy Blake, principal of the London School of English, which is lowering its fees by 5 per cent next year.

Putting the schools' case is made difficult by the fact that there is no single industry body to speak for it, promote its interests and set and monitor standards.

"So many professional organisations for EFL schools are springing up," said Mr Jergen Gemmeke, director of Munich-based agent Prolinguis, which places 3,500 studsnts in English language schools in the UK each year. "It is not clear who does what, why and for whom."

The British Council, the UK's main agency for cultural relations overseas, is the only body which hires independent, trained aoditors to inspect EFL schools in Britain through its recognition scheme.

When the government decided in April to grant VAT exemption to the schools, Customs & Excise announced that it would exempt only schools recognised by the council. But when a number of "non-recognised" schools, notably members of the Association of British Language Schools, argued that the ruling would create unfair competitive practices, tbe government extended exemption to all independent EFL schools.

Britain in brief

Court allows Three Graces extra time

A High Court judge yesterday ruled that Mr Stephen Dorrell, national heritage secretary, had not acted unfairly in allowing extra time for £7.6m to be raised to keep the sculpture "The Three Graces" in Britain.

Mr Justice Laws refused the California-based J. Paul Getty Trust, which had agreed to buy the statue, a judicial review of Stephen Dorrell's decision.

The trust told the court sitting in Leeds a fresh application would be made to the Court of Appeal within seven days.

The Getty Trust had agreed to buy the sculpture by Antonio Canova for £7.6m. The government extended a deferral of a decision to grant an export licence earlier this year to allow the Victoria and Albert Museum and the National Galleries of Scotland to raise the money. On August 9, Mr Dorrell allowed a further three month delay.

Cask ales extend market

Traditional cask ales are taking a rising share of the declining UK beer market by attracting a wider range of drinkers particularly among young consumers and women.

Sales volume of cask ales rose 9 per cent in the year to January while total beer sales fell 2 per cent, according to the annual report on the sector by Carlsberg-Tetley, the UK brewing joint venture of Carlsberg and Allied-Lyons.

Cask beers, which derive some of their qualities from secondary fermentation in the casks, have been taking market share from pasteurised keg beers. Casks' share of draught beer sales has risen from 35 per cent in 1987 to 47 per cent this February. Kegs' share has fallen from 65 per cent to 53 per cent.

Several factors have contributed to the growth of cask beers. The British are drinking smaller volumes of beer but they are increasingly willing to buy premium products such as cask ales.

Wider availability of beers has also helped. Publicans have stocked a broader range since the government required breweries to reduce the number of pubs they owned.

Pubs are attracting a broader clientele by offering better food and facilities. A growing number of families, for example, go to pubs for meals and special occasions. Women now account for some 16 per cent of cask ale drinkers, the report says.

Bupa moves on health

Bupa, the UK's largest private health insurer, is making its long expected move into the long-term health-related insurance market.

The main element of its new product range is a policy providing a replacement income if a person cannot work due to ill-health (usually known as permanent health insurance), extended to cover the need for long-term care in old age as well.

Both areas are expected to see strong growth in demand as government changes in the welfare system increase the need to insure privately.

Tube signs up for auction

Piccadilly Circus, Leicester Square, Marble Arch. London Underground believes there is money to be made from the name signs which adorn its stations. Ten thousand redundant Tube station signs are to be auctioned off in what London Underground believes will be largest sale of its kind.

Some of the signs date from the 1920s but others have fallen victim to more recent station refurbishments. Some are battered veterans of life underground while others have never been used and are in pristine condition.

So confident are London Underground and auctioneers Brooks of interest in the collection of enamel, glass and aluminium signs that they have hired Olympia, one of London's largest exhibition halls, to stage the sale.

Former miners suffer pay cuts

Less than half of redundant miners questioned for a survey have found jobs and those now working outside the industry have taken an average pay cut over more than £70 a week.

The survey by Coalfield Communities Campaign found that 89 per cent of former miners are worse off than when they worked in the coal industry. Mr John Monks, general secretary of the TUC, said the report demonstrated the cost paid by miners for the government's failure to back their industry.

New capital at £2.16bn

New capital raising issues worth £2.16bn were announced by the financial and corporate sector in August, of which £851m worth were denominated in sterling, Bank of England figures showed.

Actual gross issues by UK borrowers totalled £2.52m, the Bank said. After redemption net issues totalled £1.59bn. The largest new issue announced during the month by the Aircraft Lease Portfolio Securitisation for $999m, in nine tranches, of fixed-rate bonds and floating rate notes.

The largest share issue conducted in August was carried out by Kleinwort European Privatisation Investment Trust for £200m, which was the final instalment on the issue announced in January, the Bank added.

Luxembourg affects payouts

Payouts in sexual discrimination cases have risen sevenfold since a European Court of Justice ruling removed the statutory limit, a report says today.

The equal opportunities review published by Industrial Relations Services says that the decision has forced employers to take equal opportunities seriously.

Even when the Ministry of Defence pregnancy dismissal case awards are removed from the figures they still show that Industrial Tribunal awards in unlawful discrimination cases have increased by 45 per cent, says the report.

Dublin in Sinn Féin forum talks

By John Murray Brown in Belfast

The Irish government yesterday moved to maintain the momentum behind the peace process in the wake of Monday's loyalist bomb attack in central Dublin.

Senior government officials opened talks with Sinn Féin, the Irish Republican Army's political wing, in preparation for the all party Forum for Peace and Reconciliation, which Dublin hopes to convene before the end of October.

Irish prime minister Albert Reynolds has pushed for an early convening of the forum to commit Sinn Féin to the democratic process, bolstering the moderates at the expense of hardliners in the wake of the IRA's announcement of cessation of hostilities.

Although Mr Reynolds has repeated his wish that unionist parties in the North will join the forum, both major parties - the Official Ulster Unionists of Mr Jim Molyneaux and the Democratic Unionists of Rev Ian Paisley - seem likely to decline the invitation.

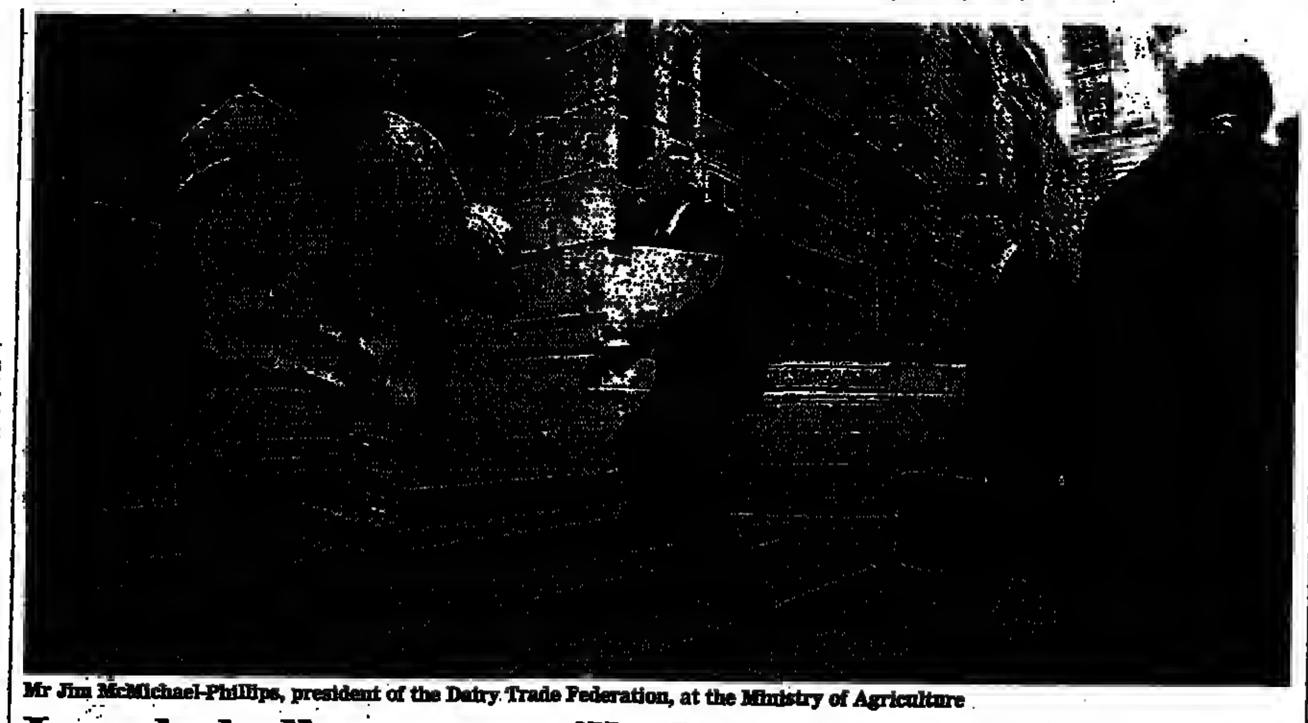
Unionist officials are resentfull about what they see as Dublin's attempt in steamroll the process and warn of possible further loyalist terrorist attacks if Dublin does not take a more cautious approach to the peace process.

Officials in Dublin concede that there is still no agenda for the forum, a point which has been criticised by Mr John Bruton, head of Fine Gael, the main opposition party.

Sinn Féin said it would step up its campaign to open border roads blocked off by the security forces. It is planning a coordinated exercise for the weekend after next with a series of road openings and rallies.

● A number of cars were hijacked yesterday during trouble in Protestant areas of north Belfast. Police described the disturbances as "quite ugly".

It is thought the disturbances may have been linked to fighting between factions in the foyer at Belfast Crown Court, where a man is standing trial accused of the attempted murder of a leading Belfast loyalist.



Mr Jim McMichael-Phillips, president of the Dairy Trade Federation, at the Ministry of Agriculture

Legal challenge to milk deregulation scheme

By Ivor Owen, Parliamentary Correspondent

Deregulation of the milk distribution industry, which has already been postponed by six months until November 1, may be further delayed through a legal challenge.

The Dairy Trade Federation announced yesterday that it is seeking the authority of the High Court to subject proposals for a voluntary farmers's co-operative, known as Milk Marque, to a judicial review.

According to the Federation its establishment will have the effect of creating an unregulated monopoly which will force up the price of milk and other dairy products.

The Federation hopes that the legal action will lead to new consumer safeguards.

The government has already agreed that the assets of the Milk Marketing Board, which has been responsible for milk distribution for the last 60 years, should be transferred to Milk Marque and is anxious it should come into being without further delay.

Mr Gavin Strang, Labour's agriculture spokesman, called on the government to halt the deregulation scheme saying it would inflict "real and unnecessary damage" on the dairy industry. He urged Mr William Waldegrave, the agriculture minister, to protect the consumer and the dairy industry from price increases and job losses "all of which are a direct result of the government's own actions".

Last week Tesco, the UK supermarket chain, threatened to source a significant proportion of the company's dairy products from the Continent if the government does not change its plans for the £3.3bn British milk market.

Rules of the game worry Channel rail link consortia

Charles Batchelor charts the progress of the government's £2.7bn private sector finance flagship

The competition to find a consortium to build the £2.7bn high-speed rail link from London to the Channel tunnel is seen by the government as the flagship of its private sector finance initiative.

But the rules of the tender invitation are proving a source of concern among members of the four consortia to emerge from the shortlisting process. Some bidders say competition rules impose very restrictive conditions on the prospective builders of the 68-mile railway.

A source close to one of the bidders said the tender was not sufficiently commercial in its approach and failed to provide the flexibility companies need.

The Department of Transport said the winning bidder would have an opportunity to put its stamp on the project in the two years it will take for supporting legislation to pass through parliament.

The government announced in June that it had chosen four consortia to bid for the contract to build the link and operate train services under a 999-year concession.

The consortia were EuroRail, consisting of BICC, Trafalgar House and GEC; London & Continental Railways including Ove Arup, Sir William Halcrow and Bechtel; Union Link, including John Mowlem and Taylor Woodrow; and a grouping led by Hochtief of Germany.

A strict confidentiality clause bars bidders from commenting on tender conditions, but it is understood that concern centres on:

● The alignment of the route earmarked by the government for the high-speed trains, drawn with the aim of reducing planning blight. Some of the curves appear tight and the gradients steep.

● The tender terms restrict bidders' freedom to run train services by giving a prominent position to European Passenger Services, the company which will operate specially designed Eurostar trains from London to Paris and Brussels. EPS will be handed over to the winning consortium as part of the government's financial contribution to the cost of the project. Some sources feel this would prove an additional complication for bidders keen to develop their own railway operations.

● The tight timetable involved in raising finance and building the rail link: Bids must be submitted by March 14 next year and while the government hopes to decide on a winner by the end of 1995 it has made no firm commitment.

Bidders are concerned that by the time parliament has approved the necessary legislation there will be little time to raise the finance needed. A general election could push up the cost of borrowing.

They are also concerned at the possibility that the government will not immediately choose one winning company but will shortlist two and play them off.

● Complexity of the tender terms. These require bidders to submit six alternative proposals alongside their core bid.

The UK government has promised to meet a third of the unsuccessful bidders' costs up to a maximum of £1.5m, but the bidders themselves put the actual costs of bidding as high as £5m to £10m.

The Transport Department said there was no question of reopening discussion of the route, but bidders would be able to make design proposals when parliament considered the project.

It said it was unable to give bidders a definite date by which it would take a final decision on the winning consortium because of the complexity of the project.

Bidders will be invited to tour the route of the rail link and to attend presentations by EPS and Union Railways, the company which has been involved in the initial design, from September 19.

MANAGEMENT

Andrew Campbell argues that detractors of strategic planning should focus on the execution, not the idea

The point is to raise the game

The last few months have brought a torrent of bad news for strategic planning. Henry Mintzberg's polemic *The Rise and Fall of Strategic Planning** has been reinforced by a pamphlet from OC&C Strategy Consultants which concludes that "the humane thing to do with most strategic planning processes is to kill them off". More recently, a research report by America's Planning Forum states that only 25 per cent of companies consider their planning processes to be effective.

Like Mintzberg, a Canadian professor who for 20 years has been one of the most influential writers about strategy, we could conclude that managers should stop this futile exercise and start doing something more useful with their time.

Wrong. Strategic planning is not futile. Research at the Ashridge Strategic Management Centre has shown that some companies – both conglomerates and more focused groups – have strategic planning processes that add real value. They include ABB, BTR, Emerson Electric and General Electric.

Large companies consist of a number of business units linked together by a corporate hierarchy. This creates a number of planning tasks. Each business unit needs a strategy of some sort to guide the actions of the business managers. The corporation as a whole also needs some corporate-level strategy to guide the actions of the corporate-level managers. Finally, there should be some connection between the corporate-level strategy and the business unit strategies.

No sane manager, not even Mintzberg, would argue that these tasks are irrelevant. What is being debated is the effectiveness of planning processes as a mechanism for executing them.

Mintzberg would argue that the nature of strategy development makes it an inappropriate topic for structured planning processes. Strategy should be crafted around insights and discoveries using experiments and learning processes, not planning documents and formal presentations.

So why do some companies have great planning processes? The reason is that these processes are not designed to develop corporate-level strategy or to develop the business unit strategies, they are designed to enable the corporate-level managers to influence the strategies that have been developed by business unit managers.

Each year corporate centre managers look at the business plans with no clear sense of how to react to them

Possibly the best documented example is the planning process at Emerson, a US company which is much admired for its management style and techniques.

The envy of most planners for its effectiveness and status with management, Emerson's process is described, both by division managers and corporate centre executives, as the heart of the company's management philosophy. It involves large amounts of analysis, hefty documentation (with 70 required charts) and day-long review meetings. Superficially, it appears to have all the hallmarks of a bureaucracy out of control.

The process works because corporate managers have discovered that it is possible to raise the performance of certain types of electrical product businesses by influencing the managers in certain ways. For instance, the margins of a newly acquired business can be improved from around 10 per cent to around 15 per cent not only by focusing on more profitable products, but also by benchmarking costs against best practice. Market share can be improved by unusually precise choice of segments. As a result, detailed analyses are required of measures such as profitability by product and market share by segment.

The day-long reviews are gruelling, often confrontational, events in which Chuck Knight, Emerson's chief executive, pushes businesses to go for more stretching targets, arguing his case based on the information they have provided, work done by his planning staff and benchmarks from other businesses, both within Emerson and outside.

The company's corporate-level strategy is about helping electrical and electronic businesses to raise their game, and its strategic planning process is designed to make it happen. Knight is clear about what he wants to do. The planning process, which has been refined for more than 20 years, is his mechanism for making it happen.

Contrast this with the average company. Each year the corporate centre managers look at the business plans with no clear sense of how to react to them. They probe and challenge to test the quality of these plans. They add up the numbers and find a shortage of profit or cash. They then make some arbitrary reduction in capital expenditure or increase in profit targets.

They hope each year that the round of discussions will give them greater clarity about the corporate-level strategy, but each year they are disappointed, and present to the board something that is little more than the sum of the business strategies. As one manager commented: "Each year I go into the review fired up with new enthusiasm. Each year I come out disillusioned."

It is not surprising then that only 25 per cent of companies consider their planning processes to be effective, and that consultants such as OC&C suggest these wheel-spinning processes should be killed off.

If your company has an unsatisfactory strategic planning process, it is not because planning is an inappropriate activity. It is because the corporate centre managers do not know what they are doing. The problem will not be solved by tinkering with the forms, formats, timetables or attendance. It will only be solved when the corporate centre develops a value-creating, corporate-level strategy and builds the management processes needed to implement it.

*Prentice Hall, £19.95.

The author is a director of the Ashridge Strategic Management Centre. He is co-author with Michael Goold and Marcus Alexander of Corporate-Level Strategy: Creating Value in the Multibusiness Company, to be published by John Wiley at the end of this month.

Merit in being a mentor

Lorna Beckford believes that being a successful role model and mentor to Veron Neale, a young Afro-Caribbean undergraduate, is a valuable two-way process.

"It is important to demonstrate to young black people that they can be successful in big companies. Conversely, I have enjoyed being a mentor to Veron. Her questions sharpen my own thinking," says Beckford, an equal opportunities manager at British Telecommunications.

BT is one of a host of companies taking part in a pioneering scheme for undergraduates developed by Norman McLean, careers adviser for African, Caribbean and Asian students at the University of East London. It is a unique post. Part of McLean's brief was to increase the success rate of ethnic minority graduates in the job market.

Research by the Commission for Racial Equality has shown that black graduates are twice as likely as their white peers to be unemployed after graduating.

A priority for McLean was to establish better links with employers. McLean says that many students may need a boost in confidence to encourage them to apply for employers' graduate training schemes. "Some students are the only members of their families to have entered higher education and do not know anybody in their own communities to whom they can go for guidance," he says.

The mentor scheme provides a one-to-one relationship which allows students to focus on their personal and professional needs. Being a mentor is a serious undertaking and requires commitment, including spending up to half a day every month for six months with the student.

Last year more than 100 mentors were recruited from 60 employers and McLean is now recruiting employers for this year's scheme. In November he will launch a nationwide programme involving seven universities and colleges.

Lisa Wood

Why partnerships can pall

Adrian Michaels finds companies sceptical about the value of collaborating

After decades as a minority practice pioneered by the likes of Marks & Spencer and International Business Machines, "supply-chain partnerships" between companies and their customer organisations are becoming commonplace. About 40 per cent of companies in a new survey* already had customer or supplier partnerships, and more than 90 per cent thought they were relevant to them.

The study, by A.T. Kearney, a management consultancy, in collaboration with the University of Manchester Institute of Science and Technology, appears to reinforce a picture created by many academics and even some consultants: that harmony and companionship in supply chains and shared product development are today's route to competitive advantage.

But most of the respondents to the survey are sceptical, and on several counts. The researchers found no clear indication that companies in partnerships acted significantly differently from those acting alone.

One pharmaceutical manufacturer in the survey said: "They've got to give us a lower price . . . That's the only reason we're doing it. It's not that we want to be in partnership, we want to get the cost down." An appliance manufacturer observed: "Getting your suppliers to share your market risk is just a clever way of reducing your capital expenditure.", while another judged: "There is no such thing as a really nice customer."

Partnerships in this sense seem more akin to those formed by Clint Eastwood and Eli Wallach in spaghetti westerns – sleep with one eye open, or preferably both.

The researchers found it was not easy for organisations to work together in harmony on a long-term basis.

The study showed that partnerships suffer from an atmosphere of suspicion, based on previous relationships where contracts have frequently been broken. The result is an overwhelming reluctance to share vital financial information. More than 50 per cent of respondents "strongly disagreed" that they exchanged detailed cost information with customers in the supply chain.

Especially infuriating to some companies in the consumer goods industry were attempts by retailers to charge them for demand forecasts or sales data: "If customers are saying 'We want partnership', how can they charge for a forecast . . . to actually make the business work between you?"

Although the exercise of power is clearly a sore point in partnerships, examples cited by A.T. Kearney from other research show that there are gains to be made for both sides from partnerships.

According to the consultancy, Motorola says it has worked closely with suppliers in design and manufacturing to reduce material costs by 6 per cent, while Fiat claims to have cut delivery cycle times. The report cites the case of a manufacturer and retailer doubling sales of consumer products in five years, almost eliminating inventory and cutting supply-chain costs by 25 per cent. On the other side of the relationship, a supplier of fastenings to, among others, IBM claims substantial business gains from forging much closer partnerships with its customers and offering much-improved field service.

One fundamental problem with partnerships is the lack of perceived shared interests, according to Steve Young, an A.T. Kearney executive. Suppliers are not usually exclusive, and may therefore be reluctant to share information. Nor does either side tend to encourage exclusive relationships – the more powerful wishes to avoid obligation, the less powerful is wary of dependence. The answer, Young says, is "earn trust, don't ask for it".

**Partnership or Power Play? A.T. Kearney, Stockley House, 130 Wilton Road, London SW1V 1LQ*

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The Royal Opera House

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The Royal Opera House manages three companies: The Royal Opera, The Royal Ballet and The Birmingham Royal Ballet. They aim to offer world class opera and ballet, at the highest standard of performance. Their repertory ranges from the classics to contemporary productions and revivals of little-known works and they attract many international stars: during the 1994/95 Season, José Carreras, Plácido Domingo and Luciano Pavarotti will all appear with The Royal Opera, while Darcey Bussell and Irek Mukhamedov perform regularly with The Royal Ballet.

An increasing effort goes into reaching the widest possible audience with broadcasting, recordings, live relays, concert performances and educational projects. The companies also act as cultural ambassadors for Britain on frequent foreign tours.

The Committee, which was established in 1992, aims to focus attention on British excellence, style, craftsmanship, innovation and service. These are qualities which all its members share and for which British products and services are renowned around the world.

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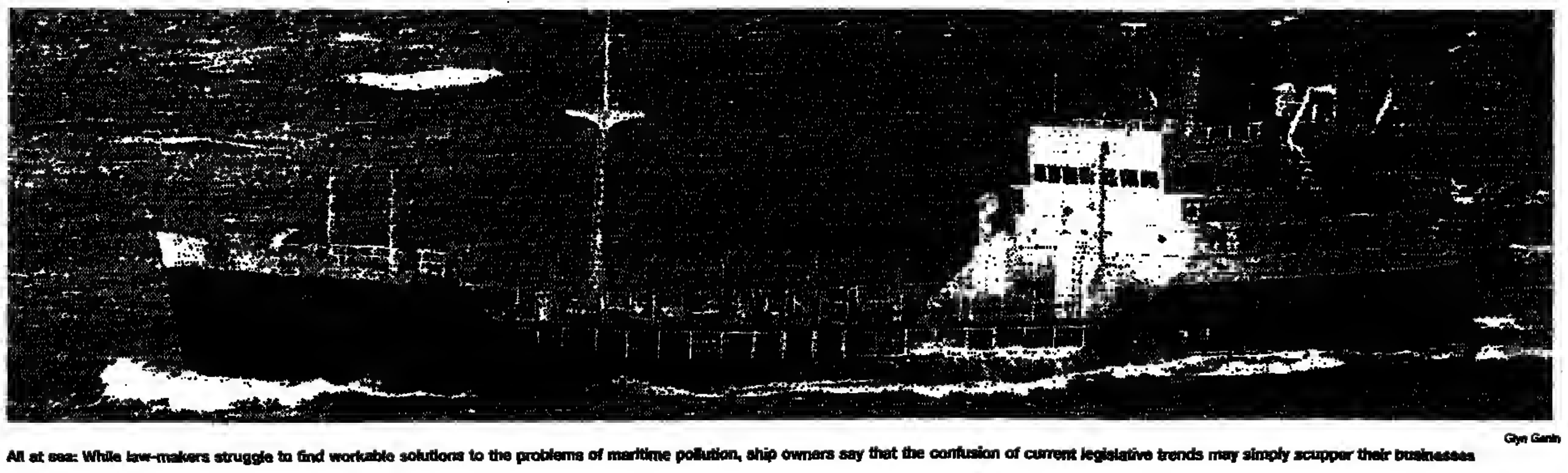
BUSINESS AND THE ENVIRONMENT



All at sea: While law-makers struggle to find workable solutions to the problems of maritime pollution, ship owners say that the confusion of current legislative trends may simply scupper their businesses

Glyn Genin

Rough waters predicted

Jane Martinson reports on regulations sailing towards the shipping industry

Chaos, jumble and madness are words used in the world's shipping industry to describe the effect of environmental regulations.

As national governments and maritime organisations decide how to clean up the oceans, much of the industry is unclear about new regulations heading its way. Moreover, it is still disputing the effectiveness of pollution regulations passed four years ago.

The US Oil Pollution Act, passed in 1990, was a direct result of the grounding of the Exxon Valdez tanker the previous year. The law stipulates that oil tankers sailing in US waters and built after 1990 have double hulls. It imposes unlimited liability on shipowners showing gross negligence.

Double hulls work on the principle that two layers of steel plating and a cushion of air between them will provide more protection against oil spills than one. But the effectiveness of the double-hull construction in preventing major oil spills, which are usually caused by serious collision, is questioned by many environmentalists as well as the industry itself.

From next July all ships which are 25 years or older will have to comply with the double hull or similar requirements under regulations adopted by the International Maritime Organisation, a UN-backed body which regulates the world's shipping. New ship building orders have had to comply with the IMO regulations since last year.

According to Michael Osborne, manager of the technical services department of Shell International Shipping, double hulls "can help reduce the pollution from the many minor grounding and collision incidents which usually occur within port limits when the ship is under pilotage and which have contributed to the industry's poor image."

Gerard Peet, Friends of the Earth International's representative at the IMO, expresses qualified support for the design. He argues that while double hulls afford some protection in minor accidents they do not prevent accidents happening in the first place. He says it is unlikely that the design would have prevented any of the major incidents that have had a serious effect on the amount of oil pollution and caused much public alarm.

"I think double-hull designs will improve the situation – no one is arguing that they are worse than single hulls – but they are certainly not the complete answer. The real problem is not the design of tankers but the quality of crews and implementation of international rules."

This view is echoed by the IMO. Roger Kohn, the organisation's information officer, says: "The emphasis now is not on trying to deal with the consequences of a major spill but in looking at the causes of the problem."

The International Tanker Owners Pollution Federation, an independent body funded by the industry, says that although spills from major collisions and groundings are responsible for a large percentage of the oil spilt in the world, most spills result from routine operations such as loading and discharging.

A number of regulations recently agreed by the IMO aim to improve the management of ships, the training of staff and the checks on implementation. From next July all ships more than five years old will be subjected to a sort of shipping "service". Although the details are not yet clear, the checks are likely to look for wear and tear that makes the ship both unsafe and environmentally unsound.

A ruling to impose a management code on companies agreed earlier this year will come into force in four years' time. The IMO is also looking at updating training codes. A special implementation group has been set up to encourage participating members to uphold the conventions they have signed.

The threat of continuing legislation and poor market conditions appear to have sent the industry reeling. John Joyce, marine manager at the International Chamber of Shipping, the London-based association of ship owners, says: "With all this regulatory focus on pollution not a word has been said about freight rates and what anybody's going to do about that."

Clarkson Research Studies, a leading broker, found in a survey last month that daily operating costs for a 1970s-built Very Large Crude Carrier are about $15,000. This compares with a new vessel costing $85m or more and requiring an average of $35,000 per day operating costs. In today's market, they do not earn enough to cover interest or depreciation.

Orders have suffered: a total of 38 VLCCs were delivered last year. Clarkson estimates that at such low rates the existing fleet of tankers built before 1979 will not be replaced until 2003.

Martin Stopford, managing director of Clarkson Research, says: "The attitude is typically do nothing until doing nothing becomes too Much of a struggle and then order a new ship if you possibly can."

The situation could lead to the "worst of all possible worlds" with ship owners unable to pay for new ships and uneasy about repairing old ones which, while perhaps solid, may be subject to punitive changes in environmental legislation.

"Ship owners are not making enough money to replace existing ships and aren't repairing them properly either. With punitive legislation hanging over them a lot of owners are also adopting a wait-and-see attitude as they don't know whether they are going to be legislated out of existence."

Cruising into trouble

The highly visible problem of ugly waste dumped by cruise liners on idyllic Caribbean islands is to be the subject of a report funded by the World Bank and the United Nations.

Cruise liners carrying up to 3,000 passengers visit islands where they expect to leave their rubbish as they cannot throw it overboard. Each passenger generates an average 2kg of rubbish a day. After three days at sea a liner of 1,500 berths could need to dispose of 9,000kg of rubbish.

As one member of the International Maritime Organisation puts it: "These ships turn up, the passengers all get off and buy one funny hat each and get back on to the ship. Before leaving, the captain hands thousands of bags of rubbish to the port authorities."

Ship-generated waste is estimated at up to 30 per cent of a smaller island's total waste for a year. But adequate reception facilities for such large quantities of waste are hard to find in developing countries. Unsightly rubbish on beautiful beaches is the result.

Last year the Caribbean was given special status under IMO pollution convention. The designation imposes heavy restrictions on dumping of rubbish from ships. The study, which starts this month, aims to come up with a variety of solutions including landfills, adequate incineration and better-equipped ships.

John Schrinner, special project officer based at the IMO, says that simply raising charges for liners is not the solution, since most of the islands' economy depends on tourism. "The cruise industry is very competitive and a situation where ports are simply undercutting each other on reception charges to win trade would not be ideal."

A case of green gains

David Lascelles on the savings to be made through efficiency

If being green were good for business, it would presumably happen of its own accord. So why is there not more of it?

The Institute of Business Ethics believes that the best way to get the message across is by citing case studies of companies which have gained by being green. A new publication* this week, Benefiting Business and the Environment, describes 70 environmental initiatives taken by 43 companies in the UK.

Some of the companies are multinationals, such as Esso and National Westestminster Bank. Others are tiny enterprises. The total annual savings represented by the studies are more than £10m with an average payback of 18 months. "Thus," say the authors, "the potential for savings in the UK as a whole is vast."

Many of the savings came through energy efficiency. Forte, the hotel group, saved £180,000 in 1993 by installing combined heat and power systems in 60 hotels.

A more ambitious scheme came at Blue Circle, the cement maker, which used several of its disused quarries for landfill and built electricity generation plants at four of them to make use of the landfill gas they create. The plants generate enough electricity to serve a town the size of Salisbury, but require a government subsidy to make them economic.

Spring Grove Services, which washes 34,000 washroom roller towels a week, plans to capture waste heat from the drying process to warm the factory. The installation cost £57,000 and Spring Grove hopes to save £12,000 a year on energy costs.

Water saving is another theme. Arjo Wiggins Fine Papers in Dover has reduced water consumption and waste by nearly 50 per cent with savings of £270,000 on effluent charges and raw material costs over the last three years.

Several case studies show how companies have saved money by identifying waste. Some go a stage further and turn it to advantage by recycling it. Triplex Safety Glass used to send all waste glass to landfill. Now it separates untreated glass for re-use to make patterned or wired glass products, while other glass which has been toughened or printed on is used as aggregate in cement and as reflective material in road-marking paint. The savings are put at £274,000 a year.

Boots the Chemist carried out an audit which showed that it handles 70,000 tonnes of packaging a year. A saving exercise has cut out 70 tonnes of paper and board and 180 tonnes of plastic, and 27 tonnes of virgin pulp have been replaced by recycled fibre.

At Procter & Gamble, the switch to refill containers for detergents has cut out more than 11,000 tonnes of packaging over four years.

Transport is a big cost for business. TNT Express has set a target of 12 to 17 per cent reductions in fuel use by applying the fruits of research into vehicle design and wider use of aerodynamic devices.

Skippingdale Paper Products, which makes paper nappies, estimates it saves £195,000 a year in transportation costs by making a neater nappy.

What is not clear from the report is what prompted these companies to go for such savings. Was it environmental concern, or more ordinary business motives?

Many of the savings are in the area of fuel, water and landfill, all of which have risen sharply in cost in the last few years as a result of increased taxation or government regulation.

It may be misleading, therefore, to infer that these savings have led to higher profitability: they may only have offset higher costs.

Julie Hill, one of the authors of the report, says that she and her colleagues were not concerned about why the companies acted the way they did: What was important was the outcome: companies that operated less wastefully.

**Benefiting business and the environment. £24: Institute of Business Ethics, 12 Palace Street, London SW1E 5JA. Tel: (071) 931 0495. Fax: (071) 821 5819.*

PEOPLE

Adding up the nuclear stocks

Ross Chiese (right) may have limited scope in his new job for using the acquisition skills he has learnt at Hanson in the past 12 years.

But he believes the financial control techniques he has acquired at the conglomerate should stand him in good stead at BNFL, the nuclear fuel reprocessing company where he has started work as finance director. "It is a big ship to turn round," he says. "There is unsophisticated financial information. The company is very successful technologically and scientifically. But financial accountability needs improving fast or BNFL will get left behind."

Chiese, 44, is one of two recent appointments to the BNFL board; the other is Alistair MacFarlane, vice chancellor of Heriot Watt University, as a non-executive.

Chiese qualified as a chartered accountant in 1972 after attending school in Harrow, Middlesex. His first job was with Ranks Hovis McDougall, where he worked in a variety of accounting assignments before joining Hanson as a financial controller.

He was promoted to deputy finance director in 1986 and dealt with many of the company's acquisitions and subsequent disposals as well as being responsible for financial control budgeting and capital expenditure requirements.

His final Hanson job was assistant chief operating officer for the UK, which also includes Hanson's interests in Australia and South Africa.

Sam Younger takes on the World

The BBC has recruited an insider, Sam Younger, 42, to head the BBC World Service, its international radio service which is listened to by an estimated 130m people each week.

Younger, who was promoted to director of broadcasting in February, takes over as managing director on November 1. He succeeds BBC deputy director-general Bob Phillis, who has been doing the job since April 1993. David Witherow, 57, who has been the World Service's deputy managing director since February 1989, is retiring at the end of the week.

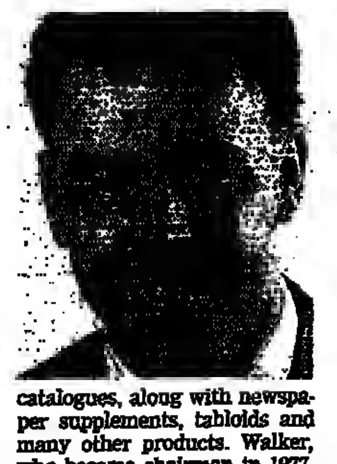
The choice of Younger is likely to be well received by the staff of the World Service who had been concerned that the BBC's new cost-conscious management team might have insisted on appointing someone with more commercial experience. Sam Younger comes from a well-connected family. His father was a former Labour MP and big wheel in the Royal Institute of Economic Affairs while his cousin, Royal Bank of Scotland chairman Lord Younger, is a former Tory cabinet minister.

Educated at Westminster and New College, Oxford, Sam Younger was assistant editor of Middle East International before joining BBC External Services, as it was then called, as a talks writer in 1979.

Younger will combine the job of director of broadcasting with his new role as managing director. He is being appointed to the BBC's board of management and is also joining John Thomas and Nick Chapman, the managing directors of Worldwide TV and Worldwide Publishing on the board of BBC Worldwide which is chaired by Bob Phillis.

■ Jude Goffe, a former investment director of 3i, and John Ranelagh, a former Channel 4 editor, have been appointed to the Independent Television Commission.

Watmoughs plans its succession



Patrick Walker is planning to hand over the reins at Watmoughs, the Bradford-based printer, after almost 50 years with tha company.

Watmoughs was founded in 1888, when it started publishing Fur and Feather, a magazine for budgerigar, rabbit and guinea pig breeders. When Walker joined as a cost clerk in 1948, the company was still a publishing operation with a printer attached.

He became managing director in 1965 when the group was floated. By then, 65 per cent of the business was printing the catalogue for Empire Stores. "Everyone said how clever we were," he recalled yesterday. "They would run a mile now."

Watmoughs is still the biggest UK printer of mail order catalogues, along with newspaper supplements, tabloids and many other products. Walker, who became chairman in 1977, has guided the group's strong growth into a company with operations in Hungary and Spain and a turnover last year of almost £150m.

He is relinquishing his role as chairman and chief executive in January to become executive chairman until January 1997, when Declan Salter (left), who has been promoted from md of Watmoughs, to joint managing director of the group's UK operations, will become chief executive. David Burn, md of Varnicoat, will be the other joint md until the changeover; he will continne as a director until he retires in August 1998.

Walker will remain non-executiva chairman throughout 1997 when he will finally retire at the age of 66. He plans to devote a lot more time to his interest in 18th century English furniture, and English and Italian drawings.

■ Michael Pavia, former finance director at Lasmo, the oil company, has been appointed finance director at SEEBOARD. Since leaving Lasmo in November last year, Pavia, 47, has been chief financial officer at Bridas Corporation of Argentina.

■ Bill Gibson and David Helliwell have been appointed financial director and estates director, respectively, of EVANS OF LEEDS; they succeed Ernest Curtis and George Best who remain on the board.

■ Heather Noble has been promoted to director of property management at EUROTUNNEL responsible for the management and control of strategy, budget and common policy for all Eurotunnel non-technical premises in the UK, France and Europe.

■ John Power, company secretary, has been appointed chief executive of RYAN HOTELS' Irish hotels division.

■ Stephen Cutler, formerly finance director and company secretary of Cannon Street Investments, has been appointed finance director of JKX OIL & GAS.

■ Nicholas Mather, formerly group financial controller, has been appointed finance director and company secretary of FRENCH CONNECTION on the retirement of John Ellis.

■ Nigel Garrow, chief executive of Dalgety Food Ingredients, has been appointed to the main board; Ted Humphreys and Jack Rowell are retiring from the board in October and December, respectively.

■ Barry Pointon, formerly md of IMI Yorkshire Fittings, has been been made responsible for the special engineering group and has joined the board of IMI; Peter Fisken has retired.

■ Paul Hollingworth (below), group financial controller of Unigate, has been appointed group finance director of RANSOMES.

Television/Christopher Dunkley

The drama of technology

Drama is the glamour-puss of television, as the opening of the new autumn season reminds us. Drama is more expensive than anything else, involves more famous people, and is promoted more enthusiastically by the television companies. If you have an 85-minute film such as *Pat And Margaret* written by Victoria Wood, directed by Gavin Millar, with a cast led by Julie Walters, Celia Imrie and Victoria Wood, or a four-part mini-series such as *Faith*, with Michael Gambon starring in a story about sexual shenanigans among politicians, then you are going to try to ensure that everyone knows about it.

This applies not only to so-called prestige productions and single dramas, but also in such well-tried categories as the British detective story – ITV's *Ruth Rendell Mysteries* for instance – and the working class comedy drama, such as BBC1's *Common As Muck* which is clearly aiming for high ratings and intended for a long run. For all these dramas there will be glossy brochures and press launches, cassettes will be biked to the burgeoning army of preview writers, and the stars will be chauffeured around to do their bit on daytime sofa shows, local radio, and *Woman's Hour*.

The same does not apply to programmes such as the Channel 4 science series *Equinox* or the BBC2 series *White Heat*, about the development of technology: budgets are lower, audiences smaller, and there are no stars to chat on the sofas, so there is no hope of their being promoted with the same vigour. And yet it is *White Heat* and *Equinox* which, in the last 10 days or so, have been making me sit up straight on the old green sofa, and have literally altered my perception of the world and of mankind. However long the longest running of the new dramas proves to be, it is hard to see how it could ever equal the impact of those programmes about technology.

Which is not to suggest that the drama has been poor. On the contrary, even the least impressive, the *Ruth Rendell Mystery*, which has been disappointingly familiar in its approach and atmosphere, has still succeeded in hooking me firmly enough to ensure that I shall be watching on Friday to discover whodunnit. It is hard to avoid the feeling that familiarity and predictability are precisely the qualities for which ITV is now striving in its drama. *Faith*, which was shown in one-hour segments on either side of *News At Ten* on Wednesday and Thursday, would have been improved by dropping all the material about the reporter's daughter, and ruthless editing to reduce the four hours to two or less. It might then have become a taut, pacy drama about politicians and the press instead of the diffuse piece of work we saw, which gave us too much time to muse upon the last political drama series in which the affair turned out to be homosexual (*To Play The King*).

The drama surprise of the new season is *Common As Muck*, a series about northern dustmen which is presumably intended to do for BBC1 what *Minder* did for ITV. The surprise is that it works so well, or did in the opening episode. Matters may deteriorate, you always need three or four episodes to be sure, but already it seems that comedy and plot are to emerge from character rather than being draped over prefabricated "characters".

The seeming paradox of discovering that the dustman most ready to make racist remarks is himself married to a black woman is (in my experience as a junior reporter in the ethnic rainbow that was Slough in the 1960s) absolutely true to life. As for *Pat And Margaret*, it was a deliciously malicious character study which fulfilled all the promise of "Acorn Antiques" in Victoria Wood's sketch shows.

But while those dramas entertained me, *Equinox* with its programme "The Cyborg Cometh", and the opening programme in the *White Heat* series, "Butcher's Blade", managed to startle me. Anyone who has read a fair amount of science fiction will be familiar with two popular themes: first the extension of individual human power via machinery (whether built in and "bionic", or built on as hugely powerful robotic extensions) and second, the assertion that the answer to the question "Why are we here?" is "To build a machine cleverer than ourselves". Between them these two programmes created a picture, impressionistic yet vivid, of mankind standing on the brink of a period when those fantasies could turn into realities, and we could change dramatically in the process.

If they are right then the rapid evolution of mankind up to the point where, today, he dominates the world, will look like kids' stuff compared to the leap he is about to make. The most pleasing aspect of *White Heat* (which was made for the BBC and the Discovery Channel by Uden Associates) is that, far from being one of those typical gee-whiz television series that cannot wait to zap you with the next bit of miraculous hardware, it is much more concerned with aesthetics; with the emotional and cultural implications of technological development. If you took the preoccupations of this series and kept them in mind while watching *Equinox* it was not difficult to imagine man achieving (if that is the right word) within only two or three generations something close to immortality.

The picture emerging from the two programmes is of technology, from robotics to genetic engineering, largely negating the weaknesses of the human body and leaving human brains served by renewable mechanical parts. We are already a long way down that road, and of course the journey has its problems. *Equinox* told the chilling story of a woman in hospital who was clearly brain-dead but whose heart would not stop beating. She had a pacemaker and, this being the US, her family faced bankruptcy as the bills mounted up while the ethics were being sorted out. "Technology is evolving faster than homo sapiens" said the commentary.

Clearly no such programme is ever going to out-rate Victoria Wood and Julie Walters playing long lost sisters brought together by a ghastly TV show called "Magic Moments" (a title and concept which are probably being developed in earnest somewhere even as you read this). But the implications of *White Heat* and *Equinox*, for the smaller number of people who have been watching them, are far more significant and much more long lasting... even if they do not earn anyone any space on any of those sofas.

Bette Bourne, Benedick Bates and Tim Pigott-Smith in Neil Bartlett's inaugural production at the Lyric, Hammersmith Alastair Muir

Theatre/Alastair Macaulay

New look at 'The Picture of Dorian Gray'

The Lyric Theatre, Hammersmith, has a new artistic regime, and it will be positively disappointing if it does not prove controversial. Neil Bartlett, its new artistic director, has a wide-ranging talent: he performs, he directs, he translates, he writes; he brings Shakespeare, Marivaux, Victorian melodrama *and* Ruth Rendell to the stage.

But that is not where the controversy should lie. Bartlett is gay, and few people in British theatre, if any, are working harder than he to demonstrate how broad and complex a gay sensibility can be. Yet around almost all his stagings – whether period or modern, comic or serious – hangs the same heavy aura of camp, like clouds of incense in the air. This atmosphere reminds me of the work of Lindsay Kemp, though Bartlett has infinitely more restraint and refinement. Their similarities lies in an un-British appetite for melodrama, in s lack of innocence, in a (sometimes joyous) sense of doom, and in a climate of knowing decadence.

Bartlett's opening production st the Lyric is his adaptation of *The Portrait of Dorian Gray*, and it is a perfect demonstration both of his considerable talent and of the drawbacks that go with that talent. Not only does he tell Oscar Wilde's 1890 novel, he also interleaves it with a subsequent tale of various of Wilde's friends meeting in 1924 to read the novel and act it out and reminisce and discuss.

The intersection of life and art is one of Bartlett's specialties. The friends of Wilde who assemble for this 1924 reading of the loved book are Ada Leversohn, Reggie Turner, Robbie Ross, and Sidney "Jenny" Mavor: each intimate with separate facets of Wilde the artist and man. Even now, they avoid calling s spade a spade – but this works to surprisingly powerful effect. The great scandal of Wilde's career, the private life that was rendered public, the cause of his appalling ostracisation from British society: all this grows melodramatically in everybody's mind, like – Bartlett forces us to see the parallel – the hidden portrait of Dorian Gray, forever growing more repellent because of being secreted and repressed.

To this double melodrama – the scandals of both Dorian Gray and Oscar Wilde – Bartlett adds further melodrama of another kind: the musical kind, whereby characters speak, often but not always, over a dramatic musical accompaniment, as in some 19th-century music (and as in film). Nicholas Bloomfield is Bartlett's composer, and his score, for six stringed instruments and harp, has Bartlett's feeling for atmosphere and intensity but not his achievement of one single style.

The music indulges in all kinds of 19- and 20th-century effects, it swoops and scoops and pulsates and camps... "Decadent", the word wrongly attached to Wilde and only partly true of Bartlett, is utterly right for Bloomfisld. (The musicians play high *above* the action, on an upper level of Ian MacNeil's handsomely atmospheric, triangular and successfully claustrophobic set.)

I have saved the best till last. The six actors whom Bartlett has assembled for this production are superb, and it looks as if they have profited from detailed stylistic direction from Bartlett and/or his co-director Leah Hausman. Tim Pigott-Smith is Robbie Ross and Basil Hallward, Maria Aitken is Ada Leversohn, Benedick Bates is the Boy in the Guards and Dorian Gray, Joanna Riding is the Maid and Sybil Vane, Paul Shaw is Sidney Mavor, and – best of all – Bette Bourne is Reggie Turner and Lord Henry Wotton.

These actors come from widely different backgrounds, and this fact only supports the strangeness of the meeting that Bartlett puts onstage. All of them handle with great precision the conflicting mixture of sympathy and malice in the air, the varying degrees of emotion and repression and melodramatics involved.

Everything is beautifully focused. The many meanings of Wilde's tale – Dorian Gray as Ganymede, Alcibiades, Mlle de Maupin, Mr Hyde – grow as you watch. Bartlett's taste and style deserve to be controversial; his professionalism is beyond reproach.

At the Lyric Theatre, Hammersmith, W.6, until October 15; then touring to the Nottingham Playhouse.

Opera/Richard Fairman

Return of 'Turandot'

At Covent Garden the seasons come and go. *Turandot* is back yet again after ten years' good service and almost as many opening nights have passed since the Royal Opera House launched its development plan, which by now must rank as another of the company's longest running shows.

With the arrival of the National Lottery in the autumn, that drama looks set to reach its final climax; £20.5m has already been spent on architects' plans and other preparatory work, which would be enough to provide spectacular new opera productions for years, so if the big push in this crucial season comes to nothing there will be red faces all round. Fortunately, none was necessary for artistic reasons on the opening night.

The Royal Opera's production of *Turandot* is one of its fail-safe successes. It has been around since 1984, when Andrei Serban (the original producer) unveiled what has turned out to be his most striking achievement for the company's tour to the Los Angeles Olympics, but little of its vivid theatrical colour has faded over the years. It is a still a splendid evening's entertainment – and more.

It is perhaps worth recalling what *Turandot* used to be like before: garish, fairy-tale Chinoiserie, dressed up in the mode of the day, at its worst like a cross between *Aladdin* and the Tiller Girls in Peking. (Try the photo of the 1947 tableau in the programme.) This production changed all that, emphasising the cruelty and the oppression as a downtrodden people gather in expectation of the latest public execution.

There is often the same bloodthirsty spirit among the audience, too. The leading roles of *Turandot* are killers to sing and no opera offers more ringside excitement. On Monday night Sharon Sweet was both making her Royal Opera debut and singing the title-role for the first time, a double challenge which she surmounted with ease. Her voice is big, bright and free where it matters, namely at the top, where Puccini stretched his soprano's vocal capacity to new heights. As Turandots go, she is formidable rather than fearsome, not a Chinese tiger on the prowl like some others in this production, but the role should suit her well.

When she and Giuseppe Giacomini's Calaf join in duet, ringing unison top notes peal into the auditorium. Giacomini is a known quantity here, but that does not make the strength and musicianship of his singing ("Nessun dorma" generously phrased over the bar lines) any less welcome. Giorgio Giuseppini was a gravel-voiced Timur; Simon Keenlyside's *handsomely-sung* Ping led the tumbling trio of ministers.

Ideally, one would like more flesh on the tone of Elisabeth Norberg-Schultz's Liù if the character is to acquire human depth, but her brightly-focused, light soprano was pleasing as far as it went. In the postlude after her first aria every note was drawn out, symptomatic of conducting from Daniele Gatti that likes to make a meal of the music. He does, however, have the panache to drive home Puccini's biggest climaxes. All told, this was a decent *Turandot* all-round, but beware: cast changes during the run are many and varied.

Performances until November 5.

The Getty Museum fights on over The Three Graces ruling

A High Court Judge, Mr Justice Laws, ruled yesterday that the government had not acted unfairly in its efforts to keep Canova's sculpture of The Three Graces in the UK. But the long saga is not yet over.

The Getty Museum of Malibu, California, which petitioned the courts, is to apply to the Court of Appeal in the hope that it will over-rule Justice Laws' decision that there was no need for a judicial review into the actions of heritage secretary Stephen Dorrell.

The approach to the Court of Appeal will be made within the next seven days but it could be weeks before the matter is finally settled. The department of National Heritage said yesterday that it will not refuse an export licence until the appeal was resolved.

In August, in his first ect as heritage secretary, Dorrell added a three month extension to the export deadline. This enabled the Victoria & Albert Museum and the National Galleries of Scotland to raise the £1.8m still needed – from John Paul Getty II and Baron Thyssen – to keep the Three Graces in the UK.

The Getty had bought the statue in 1989 for £7.6m but has heen constantly thwarted in its efforts to retrieve it from the UK.

A spokesman for the department of National Heritage said yesterday: "We are pleased the judge has accepted our argument".

Mr Justice Laws awarded most of the costs against the Getty, but with an endowment of over $4b and annual expenditure in excess of $200m, they should be well within its budget.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

BONN

Oper The opening production of the season is a new dance drama on the Dreyfus Affair, devised by George Whyte with music by Alfred Schnittke and choreography by Valery Panov (next performances Sep 16 and 24). This month's repertory also includes Les Contes d'Hoffmann and Il guarany, an opera by 19th-century Brazilian composer Antonio Carlos Gomes (0228-773667)

COLOGNE

Philharmonie Tomorrow: Hermann Max conducts Rheinische Kantorei in choral works by Rameau, Charpentier and Telemann. Fri: Paratore Brothers piano duo. Sat: Heinz Holliger conducts Ensemble Modern in Holliger's Scardanelli Cycle. Sun: percussion ensemble of the Berlin Philharmonic. Next Tues: Alfred Brendel plays Beethoven piano sonatas (0221-2801)
Opernhaus Sun: Cologne Opera opens the 1994-95 season with a new production of Puccini's Trittico, conducted by James Conlon and staged by Willy Decker, with s cast including Barbara Daniels, Stephen O'Mara, Jean-Philippe Lafont, Christina Gallardo-Domas and Jake Gardner (0221-221 8400)

DRESDEN

Semperoper Tonight: La boheme. Tomorrow: Ingo Metzmacher conducts Dresden Staatskapelle chamber formation in works by Ravel, Satie, Debussy and Weill. Fri: Aribert Reimann's opera Melusine. Sat: new ballet mixed bill. Sun: Capriccio (0351-484 2323)

FRANKFURT

Alte Oper A new choral work by Edison Denisov, commissioned by the Frankfurt Festival, receives its world première tonight in a concert by the Saarland Radio Symphony Orchestra and Moscow Choral Art Academy under Arnold Katz. In the Mozart Saal, Mitsuko Uchida gives s piano recital. Tomorrow and Fri, Dmitri Kitaenko conducts the Frankfurt Radio Symphony Orchestra in works by Brahms and Shostakovich, with violin soloist Frank Peter Zimmermann. Sylvain Cambreling conducts extracts from The Ring on Sun morning and Mon evening, with soloists including Janis Martin and William Cochran. Oleg Caetani conducts the Wiesbaden State Theatre ensemble on Sun evening in a concert performance of Rimsky-Korsakov's one-act opera Katschey the Immortal. Heinz Holliger conducts Ensemble Modern and London Voices in his own Scardanelli Cycle next Mon in the Katharinen Kirche (069-134 0400)
English Theater Kaiserstrasse The company celebrates its 15th anniversary with A Slice of Saturday Night, a musical by the Heather Brothers about youthful life in the 1960s. Opening night is Fri, with previews tonight and tomorrow (069-2423 1620)

GOTHENBURG

● Carlo Rizzi conducts the Gothenburg Symphony Orchestra and Chorus tomorrow and Fri in an all-Stravinsky programme (031-167000)
● Gothenburg's new harbourside opera house opens on Sep 30 with the first of three gala performances. The first opera production is Blomdahl's Aniara (1959), opening Oct 15 (031-131300)

HAMBURG

Staatsoper Tonight, tomorrow, Sat: Henze's ballet Undine, choreography by John Neumeier. Fri, next Tues: Das Rheingold. Sun: Henze's The Bassarids. Mon: Il barbiere di Siviglia (040-351721)
Musikhalle Tonight (Freie Akademie der Künste): Olaf Bär song recital. Sat: Sergiu Celibidache conducts Munich Philharmonic Orchestra. Sun morning: Gerd Albrecht conducts Hamburg State Philharmonic Orchestra in works by Tchaikovsky, Gershwin and Mendelssohn. Sep 22: Alfred Brendel. Sep 30: Annie Sophie Mutter (040-354414)

HELSINKI

Finnish National Opera Tonight, Sat, next Tues: Vladimir Bourmeister's production of Swan Lake. Tomorrow: Lohengrin. Fri: Le nozze di Figaro. Sep 22: song recital by Andreas Schmidt. Sep 23: new production of Joonas Kokkonen's opera The Last Temptations (0-4030 2211)

LEIPZIG

Gewandhaus Kurt Masur conducts the Gewandhaus Orchestra tomorrow, Fri and Sat. The first two evenings are devoted to works by Debussy, Saint-Saens and Franck. The programme on Sat includes Gershwin's Piano Concerto and Brahms' First Symphony. The piano soloist in all three concerts is Cecile Ousset. Sat (Kleiner Saal): Maria Venuti song recital. Sun: Pedro Burmester piano recital. Next Tues: Gilbert Varga conducts Middle German Radio Symphony Orchestra in Honegger, Martin and Brahms (0341-713 2280)
Opernhaus A new production of Salome, conducted by Jiri Kout and staged by Nikolaus Lehnhoff, can be seen tonight and Sun afternoon, with a cast headed by Nancy Gustafson, Anja Silja and Falk Struckmann. This month's repertory also includes The Merry Widow, Tosca and the Kander and Ebb musical Cabaret (0341-126 1261)

MUNICH

Gasteig Sergiu Celibidache conducts the Munich Philharmonic Orchestra tomorrow in Bruckner's Seventh Symphony. Celibidache also conducts a French programme on Sep 23, 25, 26 and 28. Georg Solti conducts the Israel Philharmonic on Sep 22, and Anne Sophie Mutter gives a violin recital on Sep 27 (089-4809 8614)
Staatsoper The 1994-95 season opens next Wed with a revival of Der Rosenkavalier starring Felicity Lott and Kurt Moll. Repertory for the first six weeks of the season includes Le nozze di Figaro, Tannhäuser, Nabucco, Lucia di Lammermoor, Dvorak's Dimitrij and four ballet productions – Ray Barra's staging of Don Quixote, an American mixed bill, Ashton's La fille mal gardée and John Neumeier's A Midsummer Night's Dream. The first new production is Don Giovanni on Oct 31 (089-221316)
● Munich's traditional Oktoberfest opens on Sat with processions through the city-centre and a folklore show. It continues till Oct 3, with daily events at various venues throughout the city. Tickets and information from Veranstaltungsdienst Mayr (089-725 8095)

OSLO

Konserthus Tomorrow and Fri: Mariss Jansons conducts Oslo Philharmonic Orchestra in works by Mozart, Kvandal and Beethoven. Next Thurs and Fri: the orchestra celebrates its 75th anniversary with performances of Schoenberg's Gurrelieder (2283 3200)

STOCKHOLM

Royal Opera The main event this week is the first night tomorrow of a new production of Aida, conducted by Kjell Ingebretsen and staged by Knut Hendriksen, with a cast headed by MariAnne Häggander and Heikki Siukola (repeated with alternating casts on Sep 17, 19, 23, 26, 28). Repertory also includes Natalie Conus' production of Swan Lake (08-248240)
Konserthuset Gennady Rozhdestvensky conducts tha Royal Stockholm Philharmonic Orchestra tonight and tomorrow in works by Michael Haydn, Tamberg and Tchaikovsky, with trumpet soloist Hakan Hardenberger (08-102110)
● Stockholm is hosting this year's World Music Days, organised by the International Society of Contemporary Music (Oct 1-8). The festival will present a wida scope of contemporary music from 40 countries, alongside works by composers who have featured strongly in the ISCM's 72-year history, such as Varese, Ginastera, Webern and Ruggles (Swedish National Concert Institute, PO Box 1225, S-11182 Stockholm. Tel 08-791 4600 Fax 08-676 0018)

STUTTGART

● The Stuttgart Ballet gives the first of six performances at the **Ludwigsburg Festival** on Fri. The programme consists of works by Balanchine, Uwe Scholz and Marcia Haydée. Dmitri Hvorostovsky gives a song recital on Sep 23 and Murray Perahia a piano recital on Sep 24 (07141-939610)
● The opera and ballet season at the **Staatstheater** begins on Sat with a revival of Monteverdi's Ulisse. A new opera by Rolf Riehm will be premiered on Oct 9. The season also includes new stagings of Janacek's From ths House of the Dead, Humperdinck's Hänsel und Gretel and Prokofiev's The Love for Three Oranges (0711-221795)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV
(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Ian Davidson

'Hard core' dissent

The chasm dividing the UK and its EU partners is getting deeper

European foreign ministers have denounced the controversial report by the German Christian Democrat party (CDU), which argued that there should be a minority "hard core" at the centre of the European Union. Their show of disapproval may give temporary reassurance to the British, Italian and Spanish governments, which have expressed alarm at the thought that Germany might try to relegate them to the slow lane of Europe. But public denunciation cannot dispose of the thinking behind the CDU paper, because it has been shaped by the geopolitics of the new map of Europe.

Unfortunately, geopolitics is the chasm which has long divided the British from most of their partners on the continent, and it now seems to be getting deeper. The six founders of the European Economic Community saw it from the start as an essentially geopolitical undertaking, of which the economic rules were just the practical expression; and for the Germans this imperative has been even stronger than for the other five. But even after 20 years of membership the British still do not understand this. They instinctively think that the "common market" is just a trading arrangement, and believe it ought to become more like a loose free-trade area; whereas if the problem is geopolitics, the solution is Nato and the Americans.

The authors of the CDU paper inevitably see the geopolitics of Europe in German-centric terms, and invoke the EU as a guarantee against historic German-driven instability on the continent. They argue that the institutional and law-based framework provided by the Treaty of Rome was essential after the second world war to stabilise West Germany inside western Europe, and they claim it is just as necessary today.

The British pay lip-service to this peace-making function of the EU, but they discount 90 per cent of what the Germans are saying; they do not understand the German problem, because it is not a British problem. As a result, the British and the Germans draw opposite conclusions from the fall of the Iron Curtain.

The British government is now trying to sweep away the original geopolitical underpinning for the EU, by pretending that that purpose hes now been served and can be dispensed with. Here is what Mr John Major said last week in his William and Mary Lecture in Leyden.

"The European Community was born to end divisions in western Europe. It has succeeded. With Nato, it has given us peace and prosperity in our part of the continent, and made war unthinkable. The determination of the founding fathers has succeeded far beyond the estimations of most people in their time. Their vision was proved right for its age. But it is outdated. It will not do now."

The merit of the CDU paper is that it sets out a strategy for EU enlargement

The obvious inference is that the EU model is no longer needed. But if so, what then? Should the Treaty of Rome and all its institutional trimmings now be scrapped? Or does Mr Major merely mean that we do not need any additional political integration of that kind, because now we have peace in our time? If the old vision is in some unspecified way outdated, what is the nature of the new vision? He does not say; tha only thing he is firm about is that we must have lots of flexibility all round.

The authors of the CDU paper take the opposite point of view. They argue that the opening up of Europe may reawaken all the historical dangers in central-eastern Europe, with Germany once more at the pivot of instability between east and west; and therefore Europe needs a politically integrated union even more than it did before.

"The only solution which will prevent a return to the unstable prewar system, with Germany once again caught in the middle between east and west, is to integrate Germany's central and eastern European neighbours into the (west) European postwar system, and to establieh a wide-ranging partnership between this system and Russia ... Hence, Germany has a fundamental interest both in widening the union to the east and in strengthening it through further deepening. Indeed, deepening is a precondition for widening ..." the report says.

The central question, according to the CDU paper, is whether the EU "is able and willing to become the main pillar of a continental order, alongside a democratised and once-again stable Russia, and in alliance with the US". This will only be possible, it says, if we strengthen the political integration of the union; and one component of this strengthening will be a tight inner core of those countries which are most able and willing to go for integration.

The merit of the CDU paper is that it sets out a broad-based strategy for tackling the enlargement of the EU to the east, in which the geostrategic starting-point is brought together with a mainstream integrationist epproach to Europe. It is obviously not the only possible strategy for Europe, but it is clear and coherent, and it will be at least a stimulating starting point for the debate now erupting on the future of Europe.

Mr Major's speech was evidently intended as a British counterblast. Unfortunately, its main characteristic was its evasiveness. Ha says we should rebuild "cohesion and confidence" in the EU; but he does not say how. He says enlargement of the union to the east "must extend to security arrangements"; but he does not say how, except, of course, that "we must be flexible".

In fact this speech is largely waffle, from which it is impossible to deduce any operational strategy. And if the government does not have a strategy, it is mainly because it cannot or will not think in geopolitical terms.

John Ridding assesses Renault's prospects as the government prepares to sell some of its shares

More hands on the steering wheel

Renault's formula one racing team cruised to victory in last Sunday's Grand Prix at Monza. Yesterday, the French state-owned automobile group recorded a more significant achievement, edging ahead of rivals to be the next issue in the government's sale of public sector assets.

Mr Gérard Longuet, industry minister, said yesterday that France's centre-right government planned to float about 28 per cent of the shares in the company, one of the stars of the state sector. The sale, which could raise about FFr10bn (£1.2bn) for the government, marks a significant step in its policy of expanding public share ownership.

But as Prime Minister Edouard Balladur emphasised, the majority of the company's equity would remain parked in the public sector for the time being.

The decision to leave Renault under state control clarifies the scale and timing of its privatieation after several months of speculation. But it raises several important questions concerning the government's strategy and the implications of that for the company's long-term future.

Mr Balladur said the government had decided to limit the sale to a partial privatisation because of the lack of a powerful industrial partner for Renault in the wake of the collapse of merger plans with Volvo of Sweden in December last year. "I have always said that I thought Renault could not be privatised if at the same time an industrial alliance was not being created to ensure Renault's future," said the prime minister.

What is odd about this argument is that Renault's public sector status was one of the principal reasons behind the revolt by Volvo shareholders which scuppered the merger.

At least as important a consideration for the French premier, it seems, was the political sensitivity of Renault.

A powerful symbol of union power in postwar France, Renault has become the rallying point of the country's political left and of unions in their campaign against privatisation. "We will fight with all the means at our disposal to prevent the sale of Renault," declared Mr Robert Hue, general secretary of the French Communist party, outside the now-disused site in western Paris where the first Renaults were built almost 100 years ago.

Union membership at Renault has dwindled since the 1970s to little more than 10 per cent of the workforce. But with presidential elections due next spring, the ever-cautious Mr Balladur – who has the candidacy of the Gaullist RPR party in his sights – is anxious to avoid a potentially damaging labour dispute.

The risk of labour unrest has not been eliminated by the decision to maintain majority state control. The communist-led Confédération Générale du Travail said yesterday it would oppose even a partial privatisation. But for the workforce as a whole, the limited nature of the share issue and Mr Balladur's pledges to "Francify" the company through extending public and employee share ownership should make a mobilisation more difficult.

Apart from the risk of union disruption, the issue of Renault shares should be relatively smooth. It will involve several steps, including a FFr2bn capital increase for the automobile group, the sale by Volvo of about half of its 20 per cent stake in the French company, and the formation of a core of long-term stable investors. This means that individual and institutional investors couldbe offered more than 30 per cent of the company's shares.

In most of these areas the details are already falling into place. Negotiations with Volvo have been finalised, and members of the *noyau dur*, or core, of stable investors have been lined up. Mr Philippe Jaffré chairman of Elf Aquitaine, for example, has said he is prepared to invest FFr1bn in Renault, which be describes as a close industrial partner. Banque Nationale de Paris and Groupe Lagardère, the defence and media company, may also join the core shareholding group.

Interest from individuals and institutional investors is expected to be strong. "Renault is one of the most attractive assets in tha public sector and is one of the most profitable international automobile groups," said Mr Eric Michelis, automobiles analyst at Kleinwort Benson in Paris.

Winner: after Monza, Renault is in pole position for a partial sale

Unlike most of its international rivals, the French group weathered the downturn in the industry over the past few years without falling into loss. Earlier this month, Renault reported first-half profits of FFr1.7bn, more than double the figure in the same period in 1993.

'Renault has been managed like a private sector company for a long time'

The first-half results were flattered by exceptional gains from the disposal of shares in Volvo. But Mr Louis Schweitzer, Renault's chairman, expects significant progress in full-year results, partly because of an improved performance by RVI, the company's trucks and buses division, and improved sales of new products including the Laguna, the upper range saloon, and the innovative Twingo mini-car.

For international investors, however, the operation may prove frustrating. Mr Balladur's desire to maintain tight French control of the group suggests that few shares will be made available to foreign investors.

Some investors have also expressed broader concerns about the retention of majority state control. "We have concerns that commercial considerations may take a back seat to political questions and social factors such as promoting employment," said one US fund manager.

Most industry observers argue that such concerns should not be exaggerated. "Renault has been managed like a private sector company for a long time," said Mr Michelis of Kleinwort Benson. Others add that moves towards full privatisation are likely to follow. Previous privatisations such as Elf Aquitaine, the oil group, and Rhône-Poulenc, the chemicals company, have been conducted through a step-by-step process, providing a probable model for Renault.

"It is too sensitive to discuss full privatisation now, but I think this operation should be seen as the first etage in a process," said one merchant banker in Paris, although he added that full privatisation could be a protracted process.

In the longer term, Renault and potential investors are faced with important etrategic questions. The collapse of the merger with Volvo has deprived the French company of important economies of scale and without a partner, in an industry which has consolidated significantly over recent years in the face of intensified competition. The improvement in automobile markets this year has masked rather than resolved the threat of increased competition, maintaining the vulnerability of the smaller manufacturers.

"With Volvo, Renault would have been the world's sixth largest vehicle maker," said one industry analyst in Paris. "Alone it is tenth, and that may not be big enough," he added, referring to the efficiency gains in production and vehicle development enjoyed by larger groups. Such e consideration loomed large in the rationale for the merger with Volvo, which would have yielded cost savings of FFr30bn by the year 2000 according to the erstwhile partners.

The problem for Renault is that attractive partners are few and far between. "Volvo was an ideal fit, partly because of its strong presence in the truck sector," said *one official at the* industry ministry, who admitted that similar matches would be hard to find. The risk is that, as in the case of the Volvo alliance, a protracted dominance of the French state on the shareholder register could deter the potential allies which Mr Balladur believes are needed to secure Renault's future.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Investment eligibility

From Mr John Farthing.

Sir, Under current personal equity plan rules, a company listed on the Unlisted Securities Market ia eligible for investment.

If such a company chooses not to seek a full listing when the USM closes at the end of 1996 and consequently is marketed on the Alternative Investment Market, then it will be ineligible for investment.

Unless the Pep rules are changed, this would mean that all such holdings will have to be sold out of the Pep.

Maybe now is the time for all interested parties to write to the Revenue and suggest that a change in the rules would be to the benefit of both investors and companies.

John Farthing,
director, Cheviot Capital,
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Competition will help European arms producers improve

From Prof Harvey M Sapolsky.

Sir, Your editorial, "European defence" (September 9), ignores some basic facts. As the Gulf war demonstrated, but most European militaries already knew, American weapons are not only cheaper than their European counterparts but also much better.

They are better because they were designed for combat use, not for industrial policy purposes. The American military gained much combat experience during the cold war and was equipped to fight the Soviets.

European militaries sat mostly in garrison during the cold war. Their weapons were acquired to keep local arms industries busy. Neither cost nor quality was much of an issue. But now Americans are likely to turn isolationist. Job needs will guide American weapons production.

In contrast, Europeans must deal with chaos on their doorsteps. European militaries will need the best equipment, which they should be allowed to find wherever it is produced. With competitive pressure, European producers will gain in quality and efficiency.

Harvey M Sapolsky,
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US

Partnership projects must be more equal

From Mr Roy Swanston.

Sir, Joe Dwyer, Wimpey's chief executive, hit the nail on the head in his analysis of the government's private finance initiative ("Private finance projects need bigger return", September 7).

Previous government statements have been over-optimistic on the extent of risk which the private sector is willing to bear. Companies have duties to their shareholders and in many cases there are far more attractive investments in terms of risk and return than large infrastructure projects. So the government has to make these projects as attractive and certain as possible if there is to be any real cost benefit in a joint venture.

There is still a widespread feeling that the Treasury is anxious to shuffle off the risk element overwhelmingly on to the private sector. To combat this there needs to be a stronger sign that government is prepared to co-fund projects, particularly where social benefits are created. It is difficult to see how some projects will get off the drawing board without genuine public/private sector partnerships of this kind.

A problem remains in the Treasury's accounting rules. It insists that if a private sector company builds, say, a toll road, it must bear the risk that tolls will not cover the costs. The Treasury is unwilling to "stand behind" a company and bail it out if things go awry because the project will then count as public expenditure and so increase the public sector borrowing requirement.

But if government will not underwrite projects or share risks more equally the private sector will naturally expect a higher return, perhaps 15 per cent or more. The Treasury still seems unwilling to commit public money to joint ventures in which the private sector stands to earn returns of this dimension.

Roy Swanston,
president, Royal Institution of Chartered Surveyors,
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Variable geometry challenge for EU

From Mr Stanley Crossick.

Sir, Unlike the Maastricht process, we are already seeing a serious debate developing well ahead of the 1996 intergovernmental conference: this is bealthy and democratic. Lionel Barber rightly points out ("Fresh meat from Europe's stable", September 8) that the challenge is how to apply variable geometry in a Union expanded to the east. The recent German CDU/CSU paper proposes a combination of variable geometry and a hard core.

Variable geometry, without a hard core of member states agreeing in advance to opt in to core policies, would unleash a centrifugal force. The existence of the hard core creates a centripetal force.

John Major, at Leiden on September 7, said the visioo of the founding fathers "was proved right for its age. But it is outdated. It will not do now". He is wrong. The vision remains right for today's age; it is the institutional and organisational structure of the Union that is outdated.

The original imperatives for creating the Union remain valid today. The central concern of the CDU/CSU paper is Germany's position in Europe and the need to guard against future German hegemony: "If Europe were to drift apart, Germany would once again find itself caught in the middle between east and west ... If [west] European integration were not to progress, Germany might be called upon, or be tempted by its own eecurity constraints, to try to effect the stabilisation of eastern Europe on its own and in the traditional way."

The UK government is right that we must not force member states to integrate more quickly than they wish. Conversely, member states which want to integrate more quickly must be permitted to do so. The most important requirement is to place the real issues and choices before the public in their correct historical European context.

Stanley Crossick,
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Facile yardstick for hospital chiefs' salaries

From Mr Charles McGill.

Sir, Alan Pike compared the salaries of private-sector executives handling budgets of £110m with that of chief executives of hospitals with similar budgets ("Managers' top pay in hospitals is £95,000", September 10). The inference was hospital heads were doing badly.

There is a world of difference between (a) being responsible for an anterprise which must bring in its own turnover by selling a service or product and, in addition, controlling the expenditure necessary to create that turnover through a number of functions, and (b) responsibility for controlling a spending budget of £110m which is extorted from tax payers and handed to you.

A commensurate salary would be about half the figure mentioned and much less than that currently paid to hospital chief executives. Many local authority department heads are also grossly overpaid.

Interestingly, this facile yardstick should provide John Major with a salary of £279m a year. After all he handles a budget of £250bn a year.

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FINANCIAL TIMES
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Wednesday September 14 1994

Politics of population

After 10 days in the Cairo heat, the United Nations conference on population and development has produced a remarkable document. More than 150 countries of widely differing cultures and religions have given their support to a 20-year plan aimed at curbing the world's population growth.

The programme, which urges countries to give universal access to family planning and reproductive healthcare, may cost an estimated $17bn a year by the end of the decade. But the more ambitious element of the document is its statement that individuals, particularly women, have the right to control the number and timing of their children. It urges that women's status worldwide should be enhanced to give them the education and freedom to make those choices. In a radical departure from previous UN conferences, it sees a broad agenda of social development, of which contraception is just one part, as the best way to tackle population growth.

Watching governments wrestle to agree on some of the most tortuous language in the UN lexicon, there is reason to ask whether the exercise was worthwhile. The policy statement is not binding, and critics have asked whether the "reproductive rights" it bestows on every person have any meaning, given that there is no arena in which they can be enforced. Moreover, in many countries which gave their support to the text, people enjoy only limited political and legal rights.

However, there is cause for hope that governments will embrace much of the Cairo text. As the population "clock" in the conference hall's centre reminded them, by registering more than one birth a second, it is in their own interest to help people limit the size of their families.

There are also strong arguments that Cairo was right to persist with the more ambitious parts of its agenda. The final document is, like the UN's statement of human rights, an attempt to draw a common thread of agreement between states of widely differing cultures. Mrs Nafis Sadik, director of the UN population fund, who chaired the conference, deserves credit for her determination to spin that thread through one of the most sensitive areas of politics and human relationships.

The price of such agreements is hypocrisy: governments may well have signed something they have no intention of enforcing. One delegate from western Europe commented that, in ignoring the reality of countries' records on family planning, "it's been like ignoring an elephant in your bedroom". But the Cairo agreement at least provides a standard against which their actions can be judged.

That agreement might have been still broader, or reached more quickly, without the Vatican. In focusing on abortion – although the text mentions the issue only as a threat to women's health – it stalled days of debate, and may also have damaged public support for the Cairo policies. The Vatican attended Cairo because of its status as permanent observer at the UN. But its role appeared anomalous, as the only religion represented, and as the only state with a birth rate of zero.

In the forthcoming UN conferences on social development and on women, governments should consider how far they want to accommodate Rome in the formidable but worthwhile task of reaching consensus on these highly contentious questions.

Who regulates?

It is almost 10 years since British Telecommunications was privatised under the watchful eye of an independent regulator. Since then, gas, electricity and water have followed the same path. Regulators will also oversee the privatisation of British Rail and postal services. Regulation is here to stay.

This is despite some discontent over the regulators' record. The recent water and electricity price reviews are widely judged to have let the companies off too lightly. Until recently, the regulators were charged with over-zealousness (largely by the companies they regulate). Now they stand accused of treating their industries too generously, with higher-than-necessary prices, growing dividends and fat salaries for top executives.

In practice, regulators are always likely to disappoint the consumer. There is every incentive for regulated companies to underplay the scope for efficiency savings. And regulators cannot precisely calculate the efficiency gains that are possible. If the regulator is over-ambitious, the consequence could be failures in vital services that would also draw public opprobrium. In the absence of Solomon's judgement, regulatory decisions will tend to tilt towards the shareholder.

A small tilt need not fatally wound the system if it is demonstrably outweighed by the benefits of privatisation. These include lower prices in some industries, better service in most and new investment after decades of Treasury parsimony. But if the tilt is to be minimised, regulators must maintain an aggressive approach to their industries and a sceptical eye on corporate pleading.

There are therefore few attractions in yesterday's proposals from the left-leaning Institute for Public Policy Research to do away with individual regulators and give the government a stronger role in regulation. The IPPR wants to set up regulatory commissions representing "stakeholders" such as suppliers and employees, with a requirement to operate under industrial policy objectives set by the government. This would seriously weaken regulation by opening it up to lobbying by special interest groups, many with little commitment to efficiency or low prices. It would also reintroduce the short-term political pressures that were so disastrous for the old nationalised industries.

Some of the regulated industries could be set more demanding targets. Regulators' decisions might win greater public support if they were reached in a more open fashion. And parliament should encourage them to account for their decisions by appearances in front of select committees. But the individual accountability and independence of the present system has delivered benefits that should not be thrown away lightly.

Canada crumbles

The Canadian dollar soared to a seven-month high yesterday after the separatist Parti Québécois won a comfortable majority in the Quebec legislature. This was not just another instance of markets believing that bad news is good and *vice versa*. Nor does it reflect a belief that Canada would be better off without Quebec – though that belief is held by an increasing number of English-speaking Canadians, particularly in the west of the country. In fact the markets had discounted the PQ's victory well in advance. What they were reacting to was the narrow margin of that victory in actual votes, which confirmed opinion poll evidence that most Quebeckers do not want independence. Only 30 per cent (against 56) say they would vote yes if a referendum were held now.

The new government is pledged to hold such a referendum in 1995. Quebeckers, unlike the Czechs and Slovaks two years ago, will not be swept into divorce by their elected leaders without a chance to say whether that is what they really want. Yet the markets may be too hasty in assuming that the PQ will be unable, after a year in office, to drum up a majority for independence.

Unaided, no doubt it would be. But it may get decisive help from disgruntled English-speaking Canadians; and from the federal prime minister, Jean Chrétien, whose interest and duty alike are to hold Canada together, but who commands little respect in his native Quebec. What drove Czechs and Slovaks apart was not so much the ambition of their leaders as each side's irritation at the other's unwillingness to accept or even understand its priorities. Between Quebec and the rest of Canada a similar deadlock has developed, as the failure of the Meech Lake and Charlottetown agreements showed.

Both sides may feel, after another year of acrimonious negotiations, that separation has a lot to be said for it. There is no risk of a Yugoslav-style conflict. North America would not be so different with four states from what it is with three. This indeed has been a big part of the PQ's argument, similar to the "Scotland in Europe" slogan of the Scottish National party.

Yet it cuts both ways. If Quebeckers wish to retain the same passports, currency and trading arrangements they now have, will the pain and confusion involved in even the most "velvet" of divorce proceedings – the wrangles over natural resources and public debt, the me-tooism of the indigenous peoples, the orphaning of the Atlantic provinces, including New Brunswick with its substantial French-speaking minority – really be worthwhile? Once they had done it, many Canadians – and many Quebeckers – might have difficulty in remembering why.

The limits of tax and spend

If Sweden's Social Democrats win Sunday's elections, they will struggle to maintain current welfare spending, says **Hugh Carnegy**

Mona Sahlin, the popular young party secretary of Sweden's Social Democrats, had a disarmingly frank message for her audience of first-time voters and teachers in a school hall in Stockholm last week.

"If you are a Social Democrat," she declared, "you think it is terrific to pay taxes. For me, taxes are the finest expression of what politics is about."

She was answered by a burst of spontaneous applause.

Out of place as it might sound in almost any other western nation, Ms Sahlin's statement appears to capture the popular mood in Sweden as the country prepares for a general election next Sunday. Three years after the youthful Mr Carl Bildt came to power at the head of a centre-right coalition declaring the "Swedish model" to be dead, the appetite for radical reform of the country's famously generous state welfare system has waned.

Instead, the Social Democrats – natural party of government in Sweden for most of this century – seem poised to return, promising to defend the welfare state and to raise taxes if necessary to pay for it.

Opinion polls show a swing to the left. Most predict Mr Ingvar Carlsson's Social Democrats will lead the next government, either as a minority administration or in alliance with one or more smaller parties of the centre or left.

Not surprisingly, the financial markets and Swedish business leaders are worried. This week, the chiefs of Volvo, Ericsson, Stora and ABB's Swedish division – the country's four biggest exporters – joined forces to warn that investment in Sweden was under threat if a new government raised taxes.

What preoccupies the financial markets is the size of Sweden's budget deficit – now running at 11 per cent of annual gross domestic product – and its spiralling public sector debt, equivalent to almost 100 per cent of GDP. The fear is that a left-leaning government will be unwilling or unable to force through the tough fiscal policies required to reduce the deficit and bring the debt under control.

Such worries have already pushed up interest rates sharply in recent months to levels well above those of Sweden's main European competitors. This in turn has begun to cramp the economic recovery that began late last year; the official forecast for gross national product growth in 1995 has recently been reduced from 3 per cent to about 2 per cent.

"A vicious circle has arisen where interest rates rise further and the domestic economy is hit by a double-dip," wrote Nordbanken's economists in a report this month warning of further market convulsions if the new government did not quickly get to grips with the deficit.

The scale of the problem is enormous – underscored by the fact that after three years of government under a prime minister committed to radical economic reform, the economy is now more dominated by the state than it was when Mr Bildt's four-party coalition took over. Small wonder that many observers question whether a Social Democrat-led government will be able to summon the political will to tackle Sweden's deep structural problems in the public sector.

Public expenditure now eats up by far the highest proportion of gross domestic product of any country in the Organisation for Economic Co-operation and Development (OECD). It has risen to 73 per cent in 1993 from 60 per cent in 1990, compared to an OECD European average of around 50 per cent.

Tax revenues as a proportion of GDP are second only to Denmark's at just under 50 per cent. Social benefits account for some 40 per cent of disposable income. More than 30 per cent of the workforce is employed in the public sector, a share some 50 per cent above the level of other smaller European countries.

These figures defy the impression promoted by Mr Bildt's government that Sweden has forsaken the egalitarian, statist path relentlessly pursued by the Social Democrats during most of the 53 years they held power between 1932 and 1991.

In some respects, however, the figures do Mr Bildt an injustice. One reason for the ballooning budget deficit was the recession he inherited from the previous Social Democrat-led government – Sweden's longest and deepest slump since the 1930s.

Unemployment has shot up from less than five per cent of the workforce to around 14 per cent, including those on government-financed training schemes. This has cost the state the equivalent of more than half the budget deficit of SKr180bn (£15.4bn) in the last budget year. The government was also forced to pledge some Skr90bn in direct aid and guarantees to rescue the banks from a loan-loss crisis that engulfed them in 1992.

What is more, Mr Bildt can claim some notable achievements in his bid to redress the structural imbalance in the economy between the public and private sectors.

A privatisation programme has raised more than SKr20bn. Deregulation has increased competition in telecommunications and broadcasting – Sweden's telecoms and broadcasting markets are among the most competitive in the world – and is on its way in the energy sector. Capital gains taxes have been reduced and taxes on dividends scrapped. Industry, enjoying an export boom spurred by devaluation and productivity gains, has been unanimous in praising the government for creating a favourable business climate.

Even the welfare system has undergone some reforms. A reduction in sickness benefits, for example, has helped slash absenteeism rates – once as high as 25 per cent. The basic rate of unemployment benefit has been brought down from 90 per cent to 80 per cent of previous salary.

Perhaps most importantly of all, the Bildt government has negotiated terms for Sweden's entry to the European Union which, if approved in a referendum in November, will shift the country irrevocably away from its traditional isolationist stance and reinforce the pressure on any government in Stockholm to keep the public finances in order.

Nor is the Social Democratic party immune to change. It is easy to forget now that during his time in office up to 1991, Mr Ingvar Carlsson, the party leader, presided over a number of significant reforms which stemmed from the realisation that "the Swedish model" was becoming unsustainable.

It was the Social Democrats who instigated financial and currency deregulation, who introduced a landmark reform of the income tax system in 1990, began to introduce contracting out of public services and who, in a radical change of party policy, lodged Sweden's application to join the EU.

'What we are seeing is a kind of nostalgia – a longing for the past. This is a problem for the Social Democrats'

Ms Sahlin, widely regarded as a likely successor to Mr Carlsson, says the economic crisis that exploded at the turn of the decade awoke the party from "a fairy tale where we were sleeping without realising what was really going on".

She adds: "We have tried to stop pretending that everything we had can be kept. We are trying to see what is the essence of the Swedish model, to see which parts we can keep. We will cut down what you get from benefits in order to sustain the schools, the welfare and the child care systems."

An example of the path Sweden might follow lies in Denmark, which was confronted with a similar crisis in the early 1980s. In 1982, a new government dominated by the Conservative party of Mr Poul Schlüter and the right-wing Liberals of Mr Uffe Ellemann-Jensen embraced a tough fiscal and monetary programme which eventually brought the public finances into balance.

But that coalition was in power for an uninterrupted 10 years. State spending is still above 60 per cent of Denmark's GDP – and the welfare state is still at the centre of political controversy, with Denmark facing its own election three days after Sweden's.

The Danish achievement now looks beyond the grasp of Mr Bildt, whose Moderate party, with a support base of no more than 22 per cent of tha Swedish electorate, is the only mainstream Swedish party fully committed to radical structural change.

Ms Birgitta Swedenborg, deputy director of the Swedish Centre for Business and Policy Studies, says tha reforms enacted by the Bildt government have been limited in part because the Liberal and Centre party coalition partners never shared the enthusiasm for a radical change of direction shown by the Moderates.

"The realisation that the Swedish model didn't work never did run very deep in Sweden," she says. "People are still accustomed to thinking that the Swedish model is something other countries seek to emulate. They don't realise that the Swedish model is something most countries are warned against these days."

The Social Democrats readily accept that current levels of public expenditure are unsustainable. Mr Göran Persson, the shadow finance minister, is regarded as a tough pragmatist who is determined to cut the budget deficit.

He has proposed a package of tax increases and spending cuts which would narrow the budget gap by SKr61bn over four years, and stop the public debt growing by 1998. He has also said that if this does not prove sufficient he will come back for more.

At the same time, the Social Democrats want to stimulate growth to reduce unemployment. They are promising investment incentives and even corporate tax cuts. Ms Sahlin, a former labour minister, talks of the need for flexibility and reform in a labour market still marked by low wage differentials and rigidities in hire-and-fire rules.

What the Social Democrats have been careful not to do is set a target for reducing the public sector. Their approach is essentially defensive, seeking to preserve as much of the old system as possible.

This commitment is extremely attractive in a country where up to two-thirds of the electorate depends on the public sector for the bulk of personal income – either through direct employment or welfare benefits. The regiment of state-dependent families forms a formidable constituency against radical reform of the system.

"People have seen some changes over tha past three years and they didn't like them very much," says Mr Olle Westberg, editor of Expressen, the country's biggest-selling newspaper and until last year chief aide to Mrs Anne Wibble, the current finance minister.

"What we are seeing now is a kind of nostalgia – a longing for what we had before. This is the problem for the Social Democratic election campaign. They warn of hard times still to come, but they somehow transmit the feeling that it is possible to go back to where we were before."

The Social Democrats' proposals on the budget deficit were cautiously welcomed in the financial markets and helped stem the recent rise in interest rates. But their plan falls well short of the spending cuts proposed by Mr Bildt's government, and the emphasis on tax rises has brought strong criticism from industry that the package was likely to deter investment rather than encourage it.

Behind criticism of proposals made by Mr Persson, the shadow finance minister, lies a lingering fear that the Social Democrats, faced with a choice between deep cuts in the welfare system and printing money to finance its preservation, will choose the inflationary route as they did consistently in the 1980s.

There is, however, an important difference with the past. Assuming that voters approve EU membership in their November referendum – and the Social Democratic party leadership will campaign strongly for a Yes vote – the government in Stockholm will no longer have the freedom to inflate its way out of trouble. It will find itself obliged to meet the demanding criteria for budgetary and economic convergence set by the Maastricht treaty.

In its report on the Swedish economy early this year, the OECD warned that at some stage Swedes would have to choose either to shift emphatically away from universal welfare provision to a more selective system, or dramatically reduce the generosity of provisions.

"The current situation is one where changes of the system are urgently needed. Given that the limits to sound financing of welfare expenditure have already been surpassed, the country simply cannot continue as if nothing has happened," the OECD said. "It must be made clear that there is no way without sacrifice to stem the rising tide of unemployment and budget deficits and to improve allocative efficiency."

Mr Bildt's government has made a start in tough circumstances. It is doubtful, however, that a new government after Sunday will have much of a mandate to continue the task. And the economic and political circumstances are, if anything, getting more difficult.

OBSERVER

Corzine goes solo

■ Goldman Sachs' recent performance may have been hit by poor results on its trading activities, but the choice of Jon Corzine, 47, as the firm's new senior partner is a reminder of where the real power in the firm lies. Corzine has been with Goldman for 20 years and has come up through the ranks as the partner in charge of trading governments, mortgage-backed securities and money market instruments. His new number two, Hank Paulson, 47, is the investment banking man.

In the past, Goldman has tended to split the top job by appointing two co-chairmen. Robert Rubin shared the job with Stephen Friedman before he joined the Clinton administration as chairman of the National Economic Council, and before that the firm was dominated by John Whitehead and John Weinberg. Doubling up at the top of an investment bank has always looked a bit of a fudge, although it has always worked well in Goldman's case. Given his age, Corzine will have longer than many of his predecessors to prove that the new regime will work equally well.

Risky business

■ Traders on the foreign exchange markets are clearly hurting more and more. After calling a turn in the dollar recently, the publisher of a reputable daily market report was contacted by a client who, apparently in all seriousness, threatened to unleash a *fatwa* upon him. It is not entirely clear which currency the irate caller/ friend or enemy is long or short of, but so far the dollar has failed to turn, and police protection has not been necessary.

Splinter group

■ Forget the high-tech surveillance gadgetry; clearly, what national leaders need to equip themselves with are solidly-rooted trees. The magnolia that blocked the kamikaze aircraft attack on the White House is not the first example of handy arborial defences. John Major and his cabinet perhaps owe their lives to the cherry-tree that deflected an IRA mortar aimed at 10 Downing Street three years ago. What more proof do we need that George Washington did himself a considerable disservice?

Prickly

■ Apart from being relatively costly exercises, corporate identity overhauls are not for the faint-hearted. There's always that niggling little worry that the new moniker translates into some obscenity in Swahili, for instance.

At least Mount Charlotte Thistle Hotels, which yesterday unveiled its four star establishments as a separate entity called simply Thistle Hotels, had only a new logo to worry about. But how to differentiate itself from Jardine Matheson, Encyclopaedia Britannica, The Scotsman and countless other outfits that also employ the prickly plant in their livery?

A stickler for detail, chief executive Robert Peel spent part of the million odd pounds that the whole affair cost on getting his minions to consult botanical drawings.

The red and green design that finally emerged was derived from the Cotton Thistle, proudly pictured in yesterday's bumf (with its Latin name spelt wrongly). Apparently it's a particularly hardy member of the family and grows to a considerable height. It is also better known as the Scotch Thistle.

But you can see why London's largest hotel operator chose not to mention that little detail …

'I drink to remember inflation'

Tick Tock

■ Six weeks is obviously a long time in Swiss industry. As recently as July, the 65-year-old chairman of both the drugs group Roche and of Zurich Insurance let it be known he had no intention of retiring.

Fast movers, these Swiss. Gerber has now decided he will cede the Zurich chair at the next agm to his chief executive Rolf Hüppi. "Things have their time," is how he puts it these days. So has he decided to set an example to the extensive collection of grey beards cluttering the country's boardrooms? "I am not a school teacher."

Gerber still claims to be staying put at Roche. But for how long? "The gods decide how fit you are. But I would be the last one to hang on if my colleagues did not want me." Roughly what he said in July.

Turned off

■ Can't get your ganja in downtown Washington DC? Blame the European Union.

Together with the Jamaican government, the EU is now claiming success in an eight-year struggle to persuade Jamaica's ganja – marijuana – farmers in the north of the island to produce other, less lucrative, but perhaps more stable crops.

The EU has been subsidising some 5,000 farmers with seeds, chemicals and equipment, turning them off dope and on to carrots and other assorted veg. Jamaica traditionally has been the third-largest supplier of marijuana to the US, after domestic US supplies and Mexican imports.

"I'm not making as much money as I did from growing the other stuff," confessed one convert. "But what I am earning now comes in every week instead of twice a year. And I can sleep at nights knowing that the police will not be coming to burn my crop and arrest me, or that a drug trafficker will try to shoot me."

"Pssst! Wanna score on some carrot juice?" Just doesn't have the same ring, somehow.

Birth pangs

■ Nice to see the Dartmoor town of Okehampton doing its bit to support the United Nations International Conference on Population and Development in Cairo. A notice displayed at the town's leisure centre lists activities for the autumn, including "anti-natal" classes. Bit drastic, isn't it?

FINANCIAL TIMES
Wednesday September 14 1994

Belgian foreign minister wins European and US support

Claes poised to become Nato secretary-general

By Lionel Barber in Brussels

Mr Willy Claes, the Belgian foreign minister, has emerged as the clear favourite to become the next secretary-general of the Nato alliance.

Mr Claes, a Flemish socialist who won plaudits for his forceful leadership during last year's Belgian presidency of the EU, has secured broad support among European allies.

The US has apparently tipped the balance by signalling it has no objection to Mr Claes's bid to succeed Mr Manfred Wörner, who died of cancer last month. "There is a feeling that he could grow in the job like Manfred Wörner," said a Brussels diplomat.

A final decision on the top Nato post is likely to take place when EU foreign ministers meet their Canadian and US counterparts at the UN general assembly in New York later this month.

Mr Claes said last night: "I have said I am interested... but I am not lobbying and it is in the interests of the credibility of the organisation [Nato] to have a serious consensus."

Mr Claes: forceful leadership earned him broad support in EU

Neither of the two other candidates – Mr Thorvald Stoltenberg, a Norwegian who is the UN mediator in former Yugoslavia, and Mr Hans van den Broek, the European commissioner for external political affairs – looks strong. Mr van den Broek is willing to step aside after the new Dutch coalition government's decision this week not to oppose Mr Claes. He would like to stay in Brussels and has secured The Hague'a support for holding on to his present portfolio.

Mr Stoltenberg's candidacy is trickier to handle. Until recently, Norway thought it had an inside track on the job after it agreed to support Germany's campaign to give Mr Wörner a second term.

Rumoura that Mr Claes's appointment could force Mr Karel Van Miert to step down as Belgium's EU commissioner responsible for competition policy, were dismissed in Brussels last night. Diplomats said other parties in the Belgian coalition government would not lay claim to the Commission nomination just because two Flemish socialists would hold two top jobs.

Traditionally, the post of Nato secretary-general goes to a European, while that of Supreme Allied Commander is reserved for an American.

Russia may curb sales of vodka imports

By John Thornhill and Dmitri Volkov in Moscow

Russia may cut excise duties oo domestic vodka as part of an attempt to curb consumption of bootleg products and low-quality imports, which are believed to be responsible for a sharp rise in deaths from alcohol poisoning.

According to industry representatives, domestic vodka producers have experienced a "catastrophic decline" in sales this year as their products had been undercut by cheaper imports, especially from Germany and Poland, and bootlegged alcohol, which evades taxes.

Fashionable high-quality western vodkas, such as Absolut and Smirnoff, are popular and their sales would be hit if the duty system is changed to favour local producers.

The government is considering raising tariffs on imported liquors, as well as imposing quotas on imports from other countries in the Commonwealth of Independent States – although such a move would run against the grain of recent trade talks.

Domestic vodka producers have called for excise duty to be reduced from 85 per cent to 75 per cent following a cut from 90 per cent earlier this year. They argue that a further cut would lead to higher sales of legally produced liqnor, and increase the government's overall tax revenne. They also say it would rednce the death rate from alcobol poisoning caused by low-quality liquor.

However, such a move would stimulate concerns abont total levels of alcohol consumption.

A report from the health ministry, presented yesterday to ministers at a meeting of the commission on economic problems, estimated the death rate from alcohol had almost doubled in a year to 37 per 100,000.

The commission discussed ways of tackling the problem – including lowering excise duties to encourage drinkers to buy safer liquor from approved producers – and promised proposals in 10 days. But the finance ministry said lower excise dnties would damage budget revenues from alcohol, which account for a significant proportion of the government's income.

Wall St reassured by modest rise in US consumer prices

By Jurek Martin in Washington

US retail inflation remained modest in August, encouraging Wall Street, which bad taken fright at last Friday's sharper than anticipated jump in wholesale prices.

The consumer price index rose by 0.3 per cent, the same as in the previous two months. This compares with market forecasts of a 0.4 per cent rise and the month's wholesale price rise of 0.6 per cent.

The Dow Jones Industrial Average was up 21 at 3,881 at midday, though the bond market reaction was more restrained, with the 30-year long bond up $\frac{5}{32}$ to yield 7.69 per cent.

The government yesterday also reported a widening of the trade and current account deficits in the second quarter of the year. The shortfall on goods and services rose to \$27bn from \$24.3bn in the first three months, while the current account balance, which covers all international transactions, was in the red by \$37bn, against a revised \$32.3bn in the January-March period. This was the largest quarterly deficit in six years.

The merchandise trade deficit expanded to \$41.8bn from \$37bn, reflecting the relative strength of the US economy against that of its principal trading partners. Exports did increase – to \$122.7bn from \$118bn – but less than imports, which rose to \$164.4bn from \$155bn in the first quarter.

The consumer price index now stands 2.9 per cent higher than in August last year and has risen at an annual rate of 2.9 per cent in the first eight months of this year.

The so-called "core" index, which strips out the more volatile food and fuel sectors, has also risen by 2.9 per cent in the two periods. Last year the overall CPI went np by 2.7 per cent.

In August, as throughout the aummer, the rises in international oil and coffee prices were the main upward forces, with the energy component of the index rising by 1.4 per cent and the cost of a gallon of petrol at the pump going up by 3.7 per cent. The price of coffee, up 22 per cent in the month, pushed the grocery index up by 0.6 per cent.

But this was counterbalanced by otherwise modest increases in the food sector and by a one per cent drop in clothing prices. Some of the sharp rises in the cost of meat recorded in the wholesale index are expected to work their way through to the retail level. But the prospect of good harvests should mitigate this impact on the index.

World Stocks, Section II

Toyota to double car output in N America

Continued from Page 1

existing capacity in North America but will achieve its target by using a second line at TMM, which came on stream in March this year, and by raising productivity. Annual production at TMM will increase from 234,000 last year to 400,000 in 1996.

Toyota's overall engine prodnction in North America will more than double to 440,000 units from 207,000 last year. Engine production at TMM will increase from 207,000 units to 350,000 units in 1996, including V6 engines, while production at TMMC will increase with the addition of a new engine plant, to almost 90,000 units annually.

Increased local production will lift exports from North America by 60 per cent from 50,000 units in 1993 to about 80,000 units. Exports from Japan to the US will fall by nearly 28 per cent in 1996 to about 400,000 units against 554,000 last year.

Toyota emphasised that it would not cut employment in Japan to cope with the decline but expected a recovery in the Japanese market to keep its domestic factories occupied.

The effects of the shift to North America will at least be felt among the hundreds of Japanese car and car parts subcontractors that depend on Toyota for their survival. In the past year and a half, 127 aubcontractors have closed under the pressures of a high yen and declining production in Japan, according to Teikoku Data Bank, a private research company.

Canada rise

Continued from Page 1

demonstrate their profound attachment to being a full part of Canada."

The Bank of Canada intervened to slow the rising Canadian dollar, trading at 73.84 US cents at noon. The gap between the yield on long-term Quebec provincial bonds and government of Canada issues narrowed. Canada's commercial banks responded to improvements by cutting their prime lending rate from 7.25 per cent to 7 per cent.

THE LEX COLUMN

Kingfisher's flight

Kingfisher spent a long time convincing the City of the merits of its Every Day Low Pricing philosophy, only to find itself the victim of a backlash in sentiment when earnings failed to match the rhetoric. Reflecting that, the shares have dropped 37 per cent in tha year to date, beaching them on a substantial discount to the price-earnings ratio of tha market as a whole. At a time when the retail sector stands at a premium to the market, the question now is whether Kingfisher is ripe for a re-assessment.

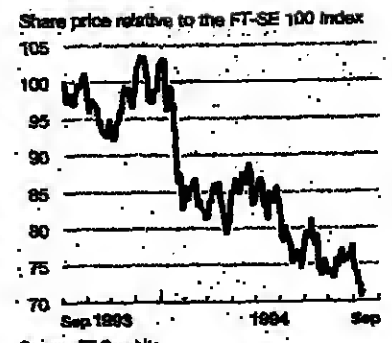
Although yesterday's interim profits were at the bottom end of scaled-back expectations, and like-for-like sales in the core UK businesses stagnated or fell, there were still some positive indications. Darty, the French electricals retailer bought last spring, performed better than some had feared when the deal was done – indeed without the contribution from this source, retail profits for the group would have been down sharply. B & Q did well to improve profits in dire market conditions, and Superdrug showed a welcome, if small improvement in margins. It was also encouraging to hear the management lay new emphasis on the nuts and bolts nature of the challenges ahead – an acknowledgment that crude price cutting is not the panacea it was once portrayed to be.

Given the weaknesses inherent in Kingfisher's mix of businesses, the points of light in yesterday's figures were hardly enough to swing sentiment immediately back into its favour. Had Kingfisher really wanted to reinforce the positive aspect of its message, it should have increased the interim dividend in line with its cautious optimism.

FT-SE Index: 3121.4 (-7.4)

Kingfisher

Share price relative to the FT-SE 100 Index



Source: FT Graphite

P&O

P&C is showing the first fruits of maintaining its heavy investment programme through the recession. Shareholders worried that the management had unwisely splashed ont on new cruisers and container ships will have been pleasantly surprised by yesterday's 52 per cent increase in underlying profits. Group return on capital, which should reach 16 per cent this year, is still nothing to crow about. But returns will rise as the economic recovery continues. Most P&O businesses have high fixed costs, so profitability is strongly geared to the level of demand.

P&O is not merely a recovery story. The cruiser and container operations are well-positioned in growing global markets. Not only are there more rich old people in the world, looking to take cruises: younger families are increasingly taking bolidays by sea too. Equally, the container division should benefit if international trade is boosted by the recent Gatt agreement. The main concern is still the impact that Eurotunnel will have on P&O's cross-channel ferry business. But even here, prospects look less worrying. If the cross-channel passenger market continues to grow by anything like the 17 per cent seen so far this year, Eurotunnel's capacity could be accommodated without a full-scale price war.

Caradon

The enthusiastic response to Caradon's interim figures risks being misinterpreted. The company has underperformed the market by some 25 per cent this year and yesterday's 4 per cent bounce in its shares reflects the lack of unpleasant surprises rather than any particular piece of good news. Certainly Caradon has pushed up the margins at the Pillar businesses acquired from RTZ last year, without drawing heavily on provisions. But there must be some uncertainty over its ability to halt the decline in margins in US security printing. The rise in UK base rates also raises doubts about whether housing market turnover will be sufficient to generate much increase in spending on the building materials in which it specialises.

If it does not, Caradon will still have the prospect of further enhancement of margins at Pillar. That might justify a slightly higher rating than comparable companies with which it is now level-pegging. Extra investment on efficiency and restructuring is unlikely to prevent a further drop in gearing, though, and that leads on to another uncertainty. At this rate, Caradon could become ungeared in about 18 months. If organic growth is weak, the temptation then will be to go for another large acquisition. The market will not necessarily look kindly on that, despite the evident skill with which Pillar is being absorbed.

Fisons

Fisons, stricken by repeated self-inflicted wounds, seems incapable of curing itself. For three years, tha group has attempted to clean its stablas of questionable trada and accounting practices. Each time cleanliness was claimed, more mire was uncovered. Yesterday was no exception. Nor was it exceptional that yet another division reported an unexpected profits collapse. The prospects painted by management for all three divisions were grim.

The problem is finding a company willing to put Fisons out of its misery. All the groups with asthma franchises have looked and rejected it. Some Japanese groups have also sniffed, and walked away. Even though Fisons' market capitalisation has plummeted from £3.4bn at its peak in 1991 to barely £900m, the company looks expensive. Valuing the group on a similar multiple to Glaxo – and that is being generous given Glaxo's better quality earnings – Fisons' underlying worth is about 70p a share. Yesterday's close was 135p. An elegant exit would be for Rhône-Poulenc Rorer, with which Fisons now has a series of alliances, to buy the company. Unfortunately, RPR has its own difficulties and probably cannot afford the price. With a management which still insists the group has an independent future, Fisons must limp on alone.

Savoy/Forte

Mr Rocco Forte may not have won the Savoy Hotel for his own group but the effort has not been as in vain as it seems. The Savoy is never likely to earn more than a few million pounds and the bid for Meridien is strategically much more important. Yet Forte needed to generate real value out of its Savoy holding, something which should become easier with the change in management. Perhaps that will eventually give Forte the chance to sell out at a reasonable price.

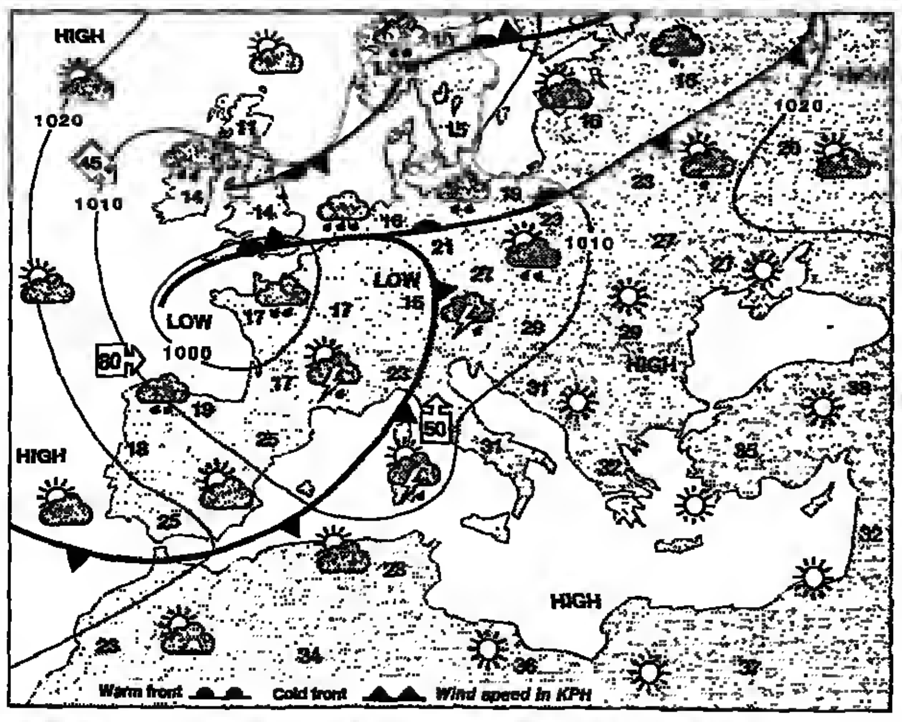
FT WEATHER GUIDE

Europe today

A frontal zone associated with low pressure over western France will cause rain in the southern UK, the Benelux, northern Germany and western Poland. Meanwhile, cool air will move into central Europe. Thunder storms will form near the boundary of warm and cool air over eastern France, Austria, Switzerland as well as northern and central Italy. Significant rain will also affect north-west Spain. The rest of the Mediterranean will continue sunny and warm. Rain is also expected in Ireland and central Scandinavia owing to another disturbance. Cloud and sunny spells will occur elsewhere in Europe and in western Russia.

Five-day forecast

As the weekend arrives, significant rain will affect Scandinavia. Numerous showers, some with thunder, will also occur in the Alps. Continental north-western Europe will be unsettled with showers. Elsewhere cloud will be interspersed with sunny periods. The Mediterranean will be sunny. Strong winds will occur over the North Sea on Thursday and Friday. It will continue unseasonably cool from Scandinavia to France.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	40
Accra	cloudy	28
Algiers	sun	28
Amsterdam	rain	16
Athens	sun	32
Atlanta	sun	31
B. Aires	cloudy	17
B.ham	rain	14
Bangkok	shower	33
Barcelona	sun	24
Beijing	sun	27
Belfast	rain	14
Belgrade	sun	33
Berlin	cloudy	22
Bermuda	fair	30
Bogota	drzzl	19
Bombay	cloudy	30
Brussels	rain	15
Budapest	sun	30
C.hagen	shower	16
Cairo	sun	35
Cape Town	sun	21
Caracas	thund	32
Cardiff	rain	15
Casablanca	fair	23
Chicago	thund	29
Cologne	rain	15
Dakar	fair	30
Dallas	fair	31
Delhi	fair	34
Dubai	sun	38
Dublin	shower	14
Dubrovnik	sun	30
Edinburgh	cloudy	13
Faro	fair	24
Frankfurt	shower	18
Geneva	thund	15
Gibraltar	fair	25
Glasgow	fair	15
Hamburg	thund	17
Helsinki	rain	15
Hong Kong	shower	30
Honolulu	fair	32
Istanbul	sun	28
Jakarta	fair	32
Jersey	thund	16
Karachi	sun	33
Kuwait	sun	42
L. Angeles	fair	26
Las Palmas	sun	27
Lima	cloudy	19
Lisbon	cloudy	20
London	rain	15
Lux.bourg	shower	13
Lyon	thund	18
Madeira	fair	28
Madrid	sun	18
Majorca	sun	24
Malta	fair	30
Manchester	rain	14
Manila	cloudy	32
Melbourne	shower	18
Mexico City	thund	18
Miami	thund	31
Milan	thund	23
Montreal	fair	19
Moscow	drzzl	22
Munich	fair	23
Nairobi	fair	25
Naples	fair	31
Nassau	thund	32
New York	shower	28
Nice	shower	25
Nicosia	sun	36
Oslo	rain	13
Paris	shower	18
Perth	cloudy	18
Prague	fair	26
Rangoon	shower	30
Reykjavik	sun	9
Rio	fair	26
Rome	shower	30
S. Frsco	fair	23
Seoul	sun	26
Singapore	cloudy	32
Stockholm	cloudy	16
Strasbourg	rain	17
Sydney	fair	19
Tangier	fair	22
Tel Aviv	sun	33
Tokyo	rain	27
Toronto	cloudy	25
Vancouver	shower	16
Venice	shower	25
Vienna	fair	26
Warsaw	fair	25
Washington	fair	29
Wellington	fair	8
Winnipeg	shower	25
Zurich	thund	14

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday September 14 1994

IN BRIEF

Mediobanca keeps issue option

Mediobanca, the Milan-based merchant bank, increased net profits 7.8 per cent to L215.9bn ($138.39m) in the year ended June 30. The bank's directors also agreed yesterday to retain the option to relaunch an issue of new shares and warrants when appropriate. Page 18

P&O shares rise on buoyancy
A buoyant performance by Peninsular & Oriental Steam Navigation Company's cruise and cross channel ferry operations helped yesterday to propel its share price 21p higher to 674p. Page 18

Kingfisher advances 7.4%
Kingfisher, the UK retailing group which owns France's Darty, disappointed the market in spite of announcing a 7.4 per cent increase in interim pre-tax profits to £88.1m ($136.55m). Page 18

Cadillac Fairview outlasts rival
Cadillac Fairview and Olympia & York Developments once had a lot in common. Both were big, privately-owned property developers based in Toronto. Now O&Y no longer exists as a going concern, while Cadillac continues, and on tolerably good terms with its creditors. Page 20

Chairman of HK SFC named
Mr Anthony Neoh, is to succeed Mr Robert Nottle as chairman of Hong Kong Securities and Futures Commission (SFC), when the latter retires at the end of this year. Page 20

American Express rebounds
After 18 months of reorganisation, rationalisation and disposals, earnings per share at American Express, which sagged at the start of the decade, have rebounded. Page 21

Market greets Caradon rise
The share price of Caradon, one of Europe's biggest building materials groups, rose almost 4 per cent after the company announced a first-half increase in underlying profits of almost a fifth. Page 23

Taylor Woodrow doubles to £22m
Pre-tax profits at Taylor Woodrow, the UK construction and property group, more than doubled to £22m ($34m), from £10.1m, during the first six months of this year after a sharp rise in house sales. Page 23

Publisher benefits from acquisitions
First profits from recent acquisitions and gradually rising advertising revenues helped Trinity International, the newspaper publishing group, to a pre-tax outcome of £10.9m ($16.9m) for the six months to June 25, a 15.9 per cent increase. Page 25

Stagecoach moves up a gear
Stagecoach, the biggest company to emerge from the privatisation of the UK bus industry, moved up a gear last week by acquiring two of the 10 companies which run London's red buses. Page 25

Rice trade set for growth
The growth in world rice trade is likely to be "significantly higher" than expected as a result of the successful conclusion to the Uruguay Round of world trade talks. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Legrand	6570	+	240
Falls				**Falls**			
Asko Prf	830	-	30	Cr Foncier	677	-	13
Holzmann	857	-	13	EBF	933	-	20
Linde	913	-	18	Geophysique	487.9	-	25.1
Mannesmann	419.7	-	11.1	SLIC	721	-	19
Porsche	789	-	12	**TOKYO (Yen)**			
Preussag	468	-	13.5	**Rises**			
NEW YORK ($)				Mitsubishi Tst	1430	+	40
Rises				Mitsui T & B	1060	+	30
Champion Intl	38¾	+	1⅜	Sumitomo Tst	1360	+	50
EMC	18¾	+	1	Yamaha Motor	916	+	21
Georgia Pacific	73	+	1⅝	**Falls**			
Intl Paper	74¼	+	1⅜	Sumitomo Light	432	-	18
Micron Tech	40⅝	+	1⅜	Tsumura	1170	-	300
Wells Co Nth Am	16⅝	+	4⅝				
PARIS (FFr)							
Rises							
Accor	654	+	14				

New York prices at 12.30.

LONDON (Pence)				DRS Data	40	-	56
Rises				Dalgety	465	-	11
British Mohair	200	+	9	Delta	468	-	31
Calor	287	+	12	Domestic & Gen	1093	-	92
Carradon	298	+	11	EBC	78	-	5
Graseby	165	+	8	Emess	34	-	2½
Int Busin Comm	237	+	13	Everest Foods	80	-	13
P & O Defd	674	+	21	Fisons	136	-	15
Usher (F)	120	+	11	Haggas (J)	81	-	6
Falls				Sharpe Fisher	193	-	7
Berkeley Grp	405	-	15				
Claremont Garm	305	-	10				
Coloroll	249½	-	11½				

British Steel raises Avesta stake

By Andrew Baxter in London and Hugh Carnegy in Stockholm

British Steel yesterday announced its biggest investment since before the recession by paying ($130m) to raise its stake in Avesta Sheffield, the big Anglo-Swedish stainless steel producer, from 40 to 49.9 per cent.

The purchase follows the sale by NCC, the big Swedish construction company, of its 22.5 per cent stake in Avesta Sheffield, announced in Stockholm earlier in the day. Barclays de Zoete Wedd paid about SKr2.2bn ($289m) for NCC's 35.66m shares. It sold 15.64m on to British Steel and organised a worldwide placing of the remainder.

The cash deal, financed by British Steel's resources, underlines its bolder approach to investment since the end of the recession, during which it restricted itself to small projects or those with short payback times.

A decision is also pending on a $150m investment by the UK company in Tuscaloosa Steel, its Alabama subsidiary, to create a steel plate mini-mill. Observers believe the scheme will almost certainly go ahead.

Avesta Sheffield was formed in November 1992 through the merger of Sweden's Avesta with British Steel's stainless steel activities. Until the termination of a shareholders' agreement last month, British Steel would have been obliged to make a general offer for the remaining Avesta Sheffield shares if its stake had risen above 45 per cent.

British Steel said it welcomed the opportunity to increase its shareholding. Mr Brian Moffat, chairman and chief executive, said the merger had gone "extremely well".

But the UK company stressed it had no intention of making an offer for the rest of Avesta Sheffield, which last month reported first half profits of SKr431m after financial items, compared with a SKr21m loss a year earlier.

The sale of NCC's stake significantly tips the balance of ownership in Avesta Sheffield away from Sweden. BZW, assisted by Cazenove and Svenska Handelsbanken, placed the shares not bought by British Steel with institutions mainly in the UK, Scandinavia and Europe.

Foreign interests now hold over half the company, with the biggest single Swedish shareholder, the gas group Aga, holds just 7.2 per cent.

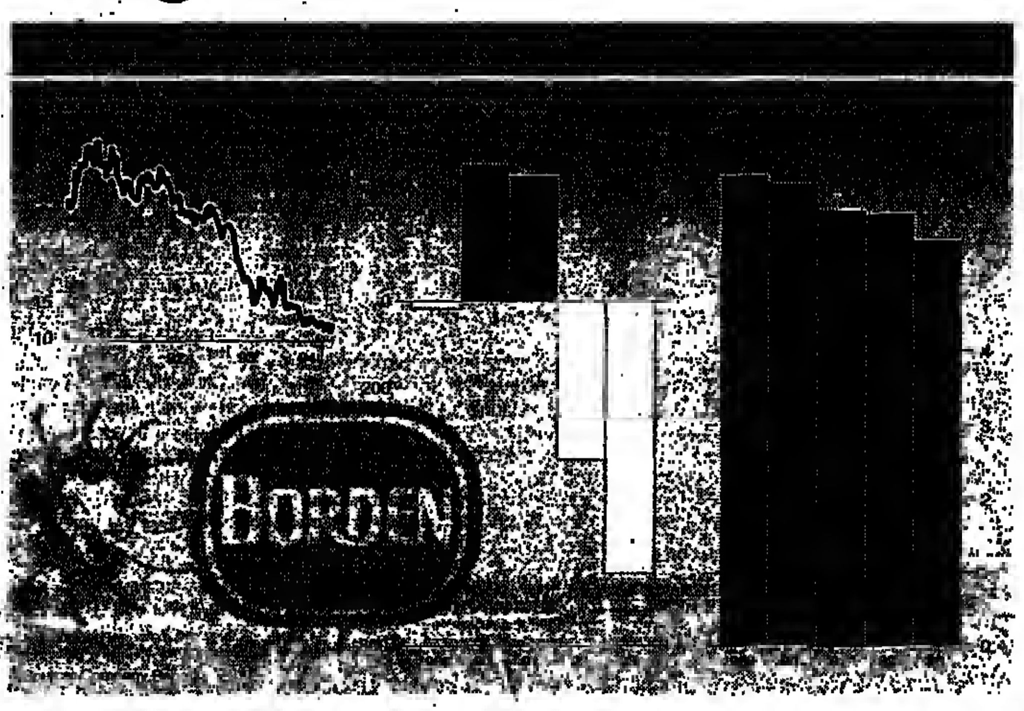
Mr Per Molin, the Swedish chief executive of Avesta Sheffield, said he did not anticipate any change in the company's present set-up as it is registered and headquartered in Sweden.

British Steel and the other investors paid SKr64 for each share, a small discount on Monday's SKr66 closing price. The UK company's own share price fell 3½p to 148½p yesterday.

NCC said it was selling its stake as part of a strategy to concentrate on its core operations in building, building materials and property. NCC has been struggling against a collapse in the Swedish construction market which began in 1991, the SKr1.2bn capital gain from the sale will lift its balance sheet.

Tony Jackson asks who stands to gain – or lose – from KKR's $2bn takeover bid

At Borden, it's got to be good for someone



For connoisseurs of 1980s financial engineering, Monday's $2bn bid by Kohlberg Kravis Roberts for the US food group Borden brings a nostalgic tear to the eye.

It evokes the high water mark of 1980s deal-making, KKR's $26bn purchase of the food and tobacco giant RJR Nabisco. Five years on, KKR – still the most formidable of the Wall Street buy-out firms – proposes to pay for Borden not with ready money, but with RJR shares.

It is a reminder of KKR's passion for complexity. In a deal described by one Wall Street analyst – not without admiration – as "pure smoke and mirrors", observers are left scratching their heads on who stands to gain. KKR evidently thinks it does. But what about Borden's shareholders, or indeed RJR's?

For the average Borden shareholder, KKR's $14.25 per share offer is nothing to shout about. A year ago the stock was worth more than $19; two years ago it was double that. Indeed, $2bn is a pitiful price for a leading US food company with sales of $5.5bn. For example, Campbell Soup, a decently profitable food company which recently had sales smaller than Borden's, has a market value of close on $10bn.

Sadly, however, no one is betting on a better offer coming along. Borden is in a mess. Its sales have dropped every year in the past five. In the past two years, it has incurred enormous losses, mostly because of costly restructuring plans which the company admits have proved ineffectual.

A year ago it halved its dividend, then halved it again. Despite sharp cutbacks in capital spending and inventories, cash flow has gone on dwindling. Until KKR came along, Borden seemed headed for the rocks.

The company's mistakes are are sadly familiar. In the second half of the 1980s, Borden began an ambitious and badly managed series of acquisitions, neglecting its basic business as a result. For example, Borden has been in the dairy business for 140 years, and is America's biggest dairy company. Last year the dairy division lost some $35m on about $1.5bn of turnover.

The obvious question is what the financial jugglers of KKR can do to set this right. There are some simple answers. If the dairy business, for instance, cannot be sold, KKR can afford to close it down, whereas Borden could not.

A large part of Borden has nothing to do with food; it is, for example, the world's biggest maker of wallpaper (it owns Crown in the UK).

Non-food businesses made a decent $172m of operating profit on sales of $1.8bn last year (food made only $23m on sales of $3.7bn). Since those businesses are highly cash-generative, Borden could ill afford to sell them. Again, KKR has deeper pockets, and could doubtless make a handy profit on disposals.

The rest of KKR's calculations are murkier, relying as they do on smoke and mirrors. For instance, KKR is apparently paying $2bn for the whole of Borden, payment in the form of around half KKR's remaining stake in RJR shares. But as soon as the deal is done, RJR has undertaken to buy 20 per cent of Borden from KKR, at a cost of $500m – again, payment being in RJR shares. KKR's net payment for control of Borden is therefore $1.5bn.

Fundamentally, KKR is effectively liquidating half its remaining equity stake in RJR – which has proved a rather dubious investment – so that it can back another horse in the form of Borden. In the process, analysts reckon, it may crystallise a useful tax loss.

More important, RJR as a recovery story may be played out. Its food profits have risen sharply in the past three years, and may not have much further to go. Tobacco, meanwhile, is under fire from US legislators and litigants as never before. Borden, by contrast, is a pure recovery play. If things came right, the results could be spectacular.

Meanwhile, what about RJR's shareholders? KKR, it must be recalled, does not technically control RJR: its equity holding at present is only 35 per cent, and is due to fall to half that. The suspicion must be that KKR calls the shots, as the deal plainly envisages the sale of assets by Borden to RJR.

Even at the outset, RJR shareholders suffer dilution through the issue of $500m of new RJR stock to buy 20 per cent of Borden, and RJR has the option to buy a further 10 per cent.

On the other hand, there is plainly some scope for putting bits of the two companies together. For instance, Borden owns the second biggest snack food business in the US. Like the dairy business, it loses money. This is a business RJR understands. It owns Planters peanuts, and its Nabisco subsidiary is America's biggest biscuit maker, with the distribution muscle to go with it.

In the end, however, one simple consideration may outweigh all that. KKR has owned and controlled RJR for five years now. It knows and understands the business like no one else.

For outside shareholders, this raises one simple question. If KKR wants out, why would anyone else want to stay behind?

Goldman Sachs lead partner to retire

By Tony Jackson in New York

Mr Stephen Friedman, senior partner and chairman of the management committee at Goldman Sachs and arguably the world's most powerful investment banker, is to retire early at the age of 57. He will be replaced in November by Mr Jon Corzine (47), now joint head of the firm's fixed income division. Mr Henry Paulson (48), joint head of investment banking, will become vice-chairman and chief operating officer.

Mr Friedman said he made his decision a year ago, and had fixed the date of the announcement in March.

Working at the head of Goldman could be "more than a little tiring", he said. "I guess people might be surprised by the timing. But I've always made clear to my colleagues that I had no intention of working full-time till I'm 60."

Mr Friedman, now 56, will assume the title of senior chairman and concentrate on Goldman's main investment business, whereby the firm buys stakes in companies on its own behalf, such as the recent purchase of a 28 per cent stake in the Ralph Lauren fashion house. Mr Friedman said "you can handle a lot of that business on the phone, looking out at the river before you go trout fishing".

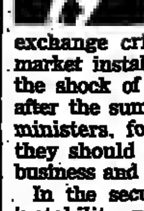
The change in command comes at a delicate time for Goldman. After record profits last year, the firm is believed to have been caught out, like other Wall Street firms, by upheavals in financial markets early this year. As a private partnership, Goldman does not disclose results, but it is estimated to have made a pre-tax profit last year of $2.7bn. Mr Friedman said 1994 had been a frustrating year. "While almost all of our businesses have done well this year, the firm's profits have been disappointing, particularly as a result of trading results in some of the same businesses which performed extraordinarily well in the last few years."

Mr Corzine said yesterday: "We're in no way backing away from our commitment to global markets, but you have to adjust your risk profiles in different market environments. Maybe we were a bit slow in recognising changed conditions."

Rival investment bankers, pointed out that as head of fixed income Mr Corzine appeared to bear much of the responsibility for losses in bond trading.

Barry Riley

Equities struggle to escape from bondage



After decoupling, might recoupling prove rather a painful process? This is traditionally a tricky time of year for financial markets, a period of foreign exchange crisis and securities market instability. Perhaps it is the shock of returning to work after the summer, when finance ministers, for instance, decide they should resume unfinished business and raise interest rates.

In the securities markets the instability may be the consequence of portfolio rebalancing and temporarily reduced cash-flows. Stock markets tend to reserve their seasonal strength for the period between November and February, in anticipation of large cash receipts.

At any rate, words such as "correction" and even "crash" are beginning to crop up in brokers' literature, which is normally so bullish. The reason is that the August rally in equities was not paralleled in bonds and therefore has pushed valuation ratios to awkward levels. For example, the Dow Jones Average is still within 3 per cent of its all-time peak at the end of January, while the US Treasury long bond yield has risen 150 basis points.

By and large, the key bond-equity ratios in the main national markets are still some way short of the extremes reached before the crash of October 1987, but they are well above normal levels.

We are in that awkward period of the securities market cycle when bond prices have topped out but equities are still trying to chase corporate profits higher. In investment jargon, equities are trying to decouple from bonds. This is a dangerous game.

The low level of dividend yields is the problem. In the US the stock market has never been worth buying on its present yield of well below 3 per cent, and the ratio of bond to equity yields at some 2.8 has risen to the highest since 1987. The same is true in the UK, where the ratio is 2.3.

When this period of stability ends, might it do so spectacularly?

Such ratios can only be justified by exceptionally buoyant dividend growth. But with short-term interest rates going up almost everywhere, rosier expectations about corporate prosperity may need to be trimmed.

Of course, it can be argued that the interest rate hikes *reflect* strong economic growth rather than threaten it. But there is a lack of sensitivity. Wall Street in particular has come to seem almost immune to changes in the financial environment over the past couple of years.

US blue chips have continued their run of amazingly low volatility, so that the Standard and Poor's 500 index has fluctuated only 5 per cent either side of the 460 level so far in 1994, continuing the pattern of 1993. When this period of unusual stability comes to an end, might it do so spectacularly?

One explanation for the lack of movement in prices is that the US market is regarded as a core investment by American institutions while the volatility and speculation has been exported into derivatives contracts and overseas markets. To take two markets in which US investors are active, Hong Kong has swung between 12,200 and 8,300 this year, Mexico between 2,900 and 1,950. Moreover the US bond market has been more volatile than blue-chip equities this year (and European bonds more erratic still).

A pre-crash scenario can develop when the asset allocation mechanisms break down. This can happen because of institutional rigidities, such as the bias of UK pension funds towards equities. This is another way of looking at the "decoupling" which the equity market salesmen are so enthusiastic about.

Some investors are also subject to irrational behaviour. US mutual fund investors have stopped putting money into bond funds, even though the returns have gone up. They are still buying equity funds, albeit at reduced levels, although the value has not similarly improved.

Of course, a surge of economic growth could yet legitimise the stretching of the bond-equity relationships. This is believable if you swallow the rhetoric of the US and UK governments and accept that the recent short-term interest rate rises have represented pre-emptive strikes against future inflation.

A less encouraging interpretation is that persistent and excessive government deficits around the world are crowding out the private sector's recovery. The attempt by equities to break free could end in sullen recapture.

INTERNATIONAL COMPANIES AND FINANCE

Mediobanca rises 8% to L216bn

By Andrew Hill in Milan

Mediobanca, the powerful Milan-based merchant bank, increased net profits to L215.9bn ($138.39m) in the year ended June 30, up 7.8 per cent on the L200.1bn profit recorded in the previous year.

The bank's directors agreed yesterday to retain the option to relaunch an issue of new shares and warrants when appropriate.

Adverse market conditions forced Mediobanca to postpone the original operation – which would have raised more than L1.500bn – in June.

A new resolution on the share issue will be put to shareholders at the end of next month. No date has been set for a new offer, but this time no minimum price will be fixed, giving the bank more flexibility.

"[The resolution] now incorporates a mechanism that will enable the share price to be fixed more closely in line with market quotations and the underlying net asset value of the bank's shares at the time of the issue," Mediobanca said.

When Mediobanca first announced its intention to issue new shares and warrants at tha end of April, it fixed a minimum issue price of L15,000, compared with a market price of more than L18,500.

However, the shares were hit by a general decline in Italian equities, and by news that four top executives of the bank, including Mr Enrico Cuccia, honorary chairman, were under investigation by Ravenna magistrates for alleged involvement in false corporate reporting by the Ferruzzi and Montedison industrial groups.

Mediobanca angrily denied there was any substance to the allegations, which are still being investigated, but the share price slipped below L15,000 on the eve of the pricing of the issue and the bank decided it would be safer to postpone the operation.

Yestarday, Mediobanca's shares closed at L13,706, before the results announcement, against an opening price of L13,603.

Madiobanca has no urgent need to raise cash, as yesterday's results indicated. The bank's net worth rose to L4,416bn, up 37.5 per cent, and liquid assets rose 7.3 per cent to L6,481bn. The market value of its share portfolio was L2.902bn more than its book value, after deducting L89bn of unrealised losses.

The issue was partly intended to dilute the 50 per cent holding of its traditional long-term shareholders – three banks, Banca Commerciale Italiana, Banca di Roma, Credito Italiano, and a group of corporate investors – to just over 40 per cent.

The bank approved its first set of consolidated accounts, which showed a net profit of L301.1bn, and shareholders' equity of L4,605bn, after transfers to reserves.

As in previous years, the board is recommending a dividend of L200 per share, and has asked shareholders' permission to increase the maximum number of directors from 19 to 21.

Kingfisher disappoints despite advance

By Neil Buckley in London

Kingfisher, the UK retailing group which includes B&Q, Comet, Superdrug, Woolworths, and France's Darty, yesterday disappointed the market in spite of announcing a 7.4 per cent increase in intarim pre-tax profits to £88.1m ($136.55m) from £82m.

The increase – at the bottom end of forecasts – was more than accounted for by a rise to £35.7m from £16.1m in tha profits contribution from Darty, acquired by Kingfisher two months before the end of the first-half last year.

Excluding Darty from both years, retail operating profits fell to £47.7m from £57.5m.

With the interim dividend held at 4.4p, Kingfisher's share price fell 3p to 487p.

"These results are less than satisfactory for Kingfisher," Sir Geoffrey Mulcahy, chairman, said. "However, each company is making progress in establishing a platform of real value for its customers."

He remained "cautious" about UK retail markets, but said there were some signs of recovery in France.

Mr Alan Smith, chief executive, said Kingfisher's priorities were to improve ranges, value for money and service.

He added that it would take time to implement Kingfisher's much-vaunted Everyday Low Pricing strategy – permanently lower prices, leading to higher sales and profits – throughout the group. It could be introduced by each chain only "when the total cost base of the business allows".

Group turnover increased by 18.4 per cent to £2.17bn, including £441.6m from Darty. UK retail turnover rose 2.6 per cent to £1.70bn.

The underlying profits fall resulted partly from an unexpectedly large loss of £6.9m at Woolworths from a £2.1m profit. Comet also dropped to a £1.7m loss from a £0.7m profit.

The group interest charge increased to £11.1m from £2.9m, including a £4m loss on Kingfisher's bond portfolio.

Earnings per share fell from 10.2p to 10p.

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Healthy operating result drives P&O shares up 21p

By Simon Davies in London

A buoyant performance by Peninsular & Oriental Steam Navigation Company's cruise and cross-Channel ferry operations yesterday helped push its share price 21p higher to 674p.

Pre-tax profits fell to £126.4m ($197.4m) from £291.6m for the six months ended June. However, last year's figures included a £200m gain from business sales, primarily the disposal of contract caterer Sutcliffe Services. The 1994 figure includes a £4.4m exceptional profit.

Profit before exceptional items rose 52 per cent, to £122m from £80.1m, pushed up by the shipping businesses.

Turnover rose 1.6 per cent to £2.73bn from £2.69bn, but the company benefittad from the operational gearing of its shipping businesses, which have a high level of fixed costs.

The ferries division, where around 70 per cent of profits come from the Dover-Calais route, lifted profits 131 per cent to £26.6m from £11.5m, in spite of continuing fare competition.

P&O now has around a 60 per cent share of the cross-Channel passenger market, and it carried 37 per cent more passengers during the period. The increase for freight units was slightly batter, as P&O benefited from the delays which plagued the Channel Tunnel.

Consensus brokerage forecasts for the full year rose by around £20m to £320m (before exceptional items), but analysts warned that the tunnel threat was merely deferred, and could knock £50m off P&O's operating profits next year. However, Lord Sterling, chairman, said heavy promotion by Eurotunnel would also help expand the overall market, mitigating any increased competition.

P&O's cruise liners also thrived on the economic recovery in its primary markets of the US and UK, with profits up 25 per cent to £42.4m from £34m.

Lord Sterling said cruise bookings for 1995 were "nicely up on this year", and the company should benefit from the launching of two ships next year.

The containers division lifted profits from £9.5m to £25.7m, as volumes improved and rates gradually started to recover.

P&O Australia, which has been the focus of the group's rapid expansion into the Asia-Pacific region, also performed strongly, contributing £16.5m against £10.8m.

Lord Sterling said: "At the start of the year, prospects were looking strong in most of our businesses. This is still generally true, although the recovery in the UK is still rather patchy, and land transport, housebuilding and construction remain flat."

Bovis Homes improved from a loss of £0.3m to a profit of £0.1m, while the property development division reduced losses from £7.9 to £0.7m.

Interest costs fell to £59.2m from £63.3m, in spita of a rise in net borrowings to £1.61bn, as P&O has invested £297.6m in fixed assets, primarily ships, and a further £27.6m on acquisitions during the period.

The dividend is maintained at 13.5p, but this was covered by recurrent earnings for the first time since 1990. Earnings per share amounted to 13.8p.

Lex, Page 16

Royal Oak raises C$100m for purchases

By Bernard Simon in Toronto

Royal Oak Mines, the Vancouver-based gold producer which this summer launched a bold but unsuccessful bid for Lac Minerals, is raising C$100m (US$72.4m) in equity to finance other potential acquisitions.

Royal Oak said yesterday it had agreed to sell 17.4m shares to a group of Canadian securities firms at C$5.75 a share. The shares will then be sold to the public.

The funds were required, the company said, to enable it to "react promptly in the event that a desirable acquisition opportunity should emerge".

Royal Oak's C$2.4bn bid for Lac would have been partly financed by a share issue. It eventually lost the struggle to American Barrick, but analysts predicted that Royal Oak's tenacious president Ms Peggy Witte would seek other opportunities.

Among the possibilities are one or more of Lac's mines in North America, which are expected to be put up for sale by American Barrick.

The underwriting group for the Royal Oak issue includes ScotiaMcLeod, Salomon Brothers Canada, First Marathon Securities and Midland Walwyn Capital.

BfG Bank up 8.9% at DM50m

By Andrew Fisher in Frankfurt

BfG Bank, in which Crédit Lyonnais of France has a majority stake, raised its bad debt provisions sharply in the first half of this year as a result of the collapse of Balsam, a sports flooring manufacturer, but still turned in an 8.9 per cent rise in operating profits to DM50m ($32m).

The bank yesterday said that its provisions rose from DM106m to DM133m, mostly reflecting the problems of Balsam which filed for bankruptcy in June. BfG is owed DM33m by Balsam and DM80m by Procedo, a factoring company which is Balsam's largest creditor.

BfG Bank, the biggest creditor of the two companies, has filed a suit against Procedo which claims that Procedo was not a victim but an active party to the alleged fraud surrounding Balsam. Procedo's chief executive has been arrested, as has the four-man board of Balsam.

As Balsam's factoring agent, Procedo bought up most of the company's claims on customers. But the invoices have mostly turned out to be worthless. The contracts had been inflated or fabricated, it was alleged. Procedo owes more than DM1.7bn to 50 banks.

BfG Bank – formerly controlled by Aachener und Münchener Beteiligungs, the German insurance group, with the BGAG trade union company also holding a stake – also announced a 46.5 per cent rise to DM143m in its partial operating profits, which exclude trading on its own account. All first-half figures are compared with six-twelfths of last year's full result.

Interest earnings were 5.2 per cent higher at DM550m and commission earnings on securities, credit and other business were up by 21.3 per cent to DM129m. The bank's administrative and other costs, however, were held back to a rise of only 0.9 per cent to DM536m.

Acquisition will boost Gambro's US presence

By Christopher Brown-Humes in Stockholm

Gambro, the new Swedish recruit to the Wallenberg domain, said yesterday it was expanding its US operations through the purchase of Dial Medical, a Florida-based company which produces and markets dialysis concentrates.

The move increases Gambro's share of the US market for dialysis concentrates, which are used in dialysis machines for kidney treatment, to around one-third from 7 per cent.

The purchase will also lift annual sales of Gambro's COBE US subsidiary by $30m from last year's $500m level.

COBE Renal Care said the purchase, on undisclosed terms, would broaden its product range and provide a production capacity it had lacked. It said Dial Medical had an extensive distribution system for its products.

New chief for Alusuisse-Lonza

By Ian Rodger in Zurich

Mrs Dominique Damon, head of the packaging division of Alusuisse-Lonza, has been appointed chief operating officer of the Swiss aluminium, chemicals and packaging group and the designated successor to Mr Theodor Tschopp as chief executive.

Mrs Damon, who is 47, joined Alusuisse in 1988 and has built up the Swiss group's packaging division to be one of the leading participants in that sector.

Fisons delivers another bitter pill

By Daniel Green in London

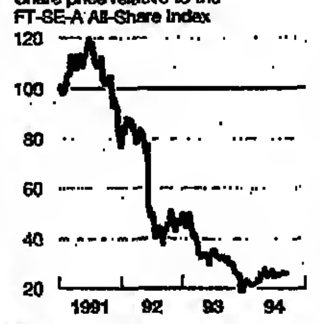
Fisons, the UK drugs and scientific equipment company, disappointed the London stock market yet again yesterday with interim profits down to £30.4m ($47.12m) from £41.5m. The dividend was cut almost in half to 1.7p from 3.3p, and the shares fell 15p to 135p.

Mr Patrick Egan, chairman, could provide little cheer for the immediate future, warning that "the trading environment is expected to remain challenging on all fronts and it is unlikely that, for the group as a whole, any marked improvement in profitability levels can occur during the remainder of this year".

Mr Robin Gilbert, analyst at stockbroker Panmure Gordon, said: "It is disappointing to see yet another set of figures that falls short of expectations."

Fisons

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Since 1991 Fisons has seen the departure of two chief executives and had to issue three profits warnings.

Fisons' troubled scientific instruments division saw trading losses increase more than five-fold to £11.8m from £2.1m on sales barely changed at £114m against £115.5m. Mr Egan said the previous year's loss should have been higher but costs "had been pushed into the second half".

The company's pharmaceuticals division saw sales rise to £240.7m from £209.8m. Trading profits rose to £36.3m from £28.8m, an increase exaggerated by last December's decision to discontinue "trade loading" – the oversupply of distributors at relatively low profit margins.

Sales of Fisons' long-established asthma drug Intal rose from £83m to £104m. Intal faces a more difficult second half in the US where competition from generic (unbranded) rivals began in earnest in May.

Group turnover fell to £640.3m from £651.4m. There was a net cash outflow of £71.1m, compared with an inflow of £144.5m, leading to a rise in gearing to 57 per cent from 40 per cent at the end of 1993. Earnings per share fell from 4.1p to 3p.

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INTERNATIONAL COMPANIES AND FINANCE

Cut in bad debt costs helps lift Australian bank

By Nikki Tait in Sydney

Commonwealth Bank of Australia, one of Australia's "big four" banks and now partially privatised by the federal government, yesterday announced a profit after tax of A$652.1m (US$507.9m) in the year to end-June. This compares with A$443.1m in 1992-93.

Earnings per share rose to 76.9 cents from 51.7 cent, while the final dividend goes up to 36 cents from 22 cents. The 1992-93 figure was reached after a net abnormal charge of A$136.7m. There were no abnormals in the latest year.

During the 12-month period, CBA's total operating income fell by around 2.5 per cent to A$4.26bn. However, this was offset by a substantial reduction in provisions for bad and doubtful debts. The charge for bad and doubtful debts fell by almost a third, to A$320.7m.

CBA's operating expenses were also 2.4 per cent lower at A$2.84bn. The company said this reflected an internal reorganisation programme, which had already reduced staff numbers to 37,269, compared with 42,329 a year ago. Further "orderly reductions" are expected as the branch restructuring continues into 1995.

The contribution of the core banking operations to group profit rose to A$536.8m from A$502.5m, while the financial services division saw a much sharper jump, to A$46.5m compared with A$18.6m previously. The Commonwealth Development Bank business turned in a profit of A$39.5m, compared with a loss last time of A$11.7m, blamed on bad debt expenses. Meanwhile, ASB Bank in New Zealand saw an 18.1 per cent increase in profits to NZ$45.5m (US$27.4m).

CBA said it was looking for further earnings growth in 1994-95, as lending volumes picked up on the back of increased domestic economic activity. However, it claimed that the "intensely competitive nature of the industry" could hamper progress.

Coles Myer edges up 3% to A$424m

By Nikki Tait

Coles Myer, one of Australia's biggest retailers, yesterday announced a rise of 3 per cent in full-year profits to July 31. The company made A$424.2m (US$315.7m) after tax, compared with A$411.8m in the previous year.

Total sales for the year were up by 5 per cent to A$15.9bn, while fully-diluted earnings per share edged up to 30.7 cents from 30.1 cents.

There is a 0.5 cent a share increase in the final dividend, to 9 cents, making a total of 20 cents for the year, up 2.6 per cent.

Coles, which operates around 1,725 retail outlets and is in the process of buying out a 21.45 per cent stake in itself held by the US stores group Kmart, blamed the small rise on the Myer Grace Bros department store business, where operating profits (before interest and tax) fell by A$29.5m to A$94.8m.

During the year, old stock and merchandise ranges were cleared and a restructuring got under way, with four smaller stores in rural New South Wales closing.

The specialty stores group saw profits drop, from A$55.8m to A$20.2m, due to start-up costs at the new World 4 Kids and Officeworks chains.

The supermarkets business pushed profits up to A$200.1m from A$172.7m, while the Kmart discount stores made A$128.1m against A$120.4m, and the Target stores A$129.2m compared with A$121.7m.

Coles plans to open 130 new and replacement stores next year, and refurbish 274.

Hong Kong SFC selects lawyer as chairman

By Simon Holberton in Hong Kong

Mr Anthony Neoh, QC, is to succeed Mr Robert Nottle as chairman of the Hong Kong Securities and Futures Commission (SFC) when Mr Nottle retires at the end of this year, the Hong Kong government said yesterday.

Mr Neoh is a member of the governing council of the Hong Kong Stock Exchange and well acquainted with securities markets in both Hong Kong and China. He was unobtainable for comment yesterday.

He was one of the advisers to China on how to list mainland state companies on the Hong Kong exchange. In spite of teething problems, the listing of these companies has been an acknowledged success.

Through this listing process Mr Neoh, 48, came into contact with senior officials in Beijing, Shanghai and Shenzhen and he has established good relations with them. He is a respected authority on securities law and has advised China's central government on the drafting of China's securities and company law. He is also an adviser to the Shenzhen municipal government.

Sir Hamish Macleod, Hong Kong's financial secretary, said Mr Neoh had made significant contributions to the development of Hong Kong's stock market over the past few years. "I am confident that he will bring in invaluable expertise and give new impetus to the SFC in the years ahead," he said.

Mr Neoh will take up his position at the beginning of February next year. His contract expires on June 30 1997 – the day before Hong Kong reverts to Chinese rule – but, if he wishes to continue, the high regard with which he is held in China ought to secure him another term.

Mr Michael Cartland, secretary for financial services, said there had been 66 applications for the SFC chairmanship in addition to candidates headhunted by a search firm. Mr Neoh was the selection committee's unanimous choice, he said.

Staying upright in a collapsing market

Bernard Simon explains why Canadian property group Cadillac Fairview outlived O&Y

Cadillac Fairview and Olympia & York Developments once had a lot in common. Both were big, privately-owned property developers based in Toronto whose portfolios included some of North America's most impressive buildings. Both borrowed heavily in the late 1980s, and found themselves in trouble when the bottom fell out of the property market.

The big difference now is that O&Y no longer exists as a going concern, while Cadillac continues to manage a stable of 70 prestige office buildings and shopping malls, unencumbered by bankruptcy court orders and on tolerably good terms with its creditors.

Not that Cadillac, with debts totalling C$3.2bn (US$2.3bn), is out of the woods. About a dozen of its buildings have halted debt-service payments. It is in the throes of tough restructuring negotiations likely to take at least another nine months to finalise. Many of its creditors and shareholders are unpredictable US "vulture funds" which specialise in trading distressed companies' securities.

However, Cadillac has learned several lessons from the O&Y debacle. Unlike O&Y, it approached creditors early on for help. In return for them signing confidentiality agreements, it supplied the information they asked for.

Instead of the entire company defaulting on its loans, as O&Y did, Cadillac moved quickly to segregate the cash flows and debt-service payments of its various properties.

"They worked with the lenders prior to everyone getting angry," says one large creditor. "Nobody has pushed them to seek court protection, so they must be doing something right."

Cadillac's holding company does not publish financial statements. It refuses to disclose how much of its debt is in default.

The restructuring was interrupted last week by the replacement of more than half the previous nine-member board of directors. The chairman, a Toronto lawyer, was replaced by Mr Charles Masson, formerly head of financial restructurings at Salomon Brothers, the New York investment bank.

The board upheaval reflects dramatic changes in the make-up of Cadillac's shareholders and creditors.

Cadillac was taken private in 1987 by a group of 41 North American institutional investors led by JMB Realty, a Chicago-based property developer. One of those investors, the California Public Employees Retirement System (Calpers), remains the biggest shareholder with a 15 per cent stake. At about the same time, Cadillac raised C$1bn in loans from two syndicates comprising 42 North American, European and Japanese banks.

Cadillac's troubles have prompted many of the original shareholders and creditors to bail out. They have sold their securities at varying discounts, mostly to US vulture funds but also to a number of European investors. Cadillac officials estimate that about 90 per cent of its common shares and subordinated debentures, which comprise its equity, and 75 per cent of the syndicated bank loans have changed hands.

"They recognise that there's good value here and good upside," says Mr Graeme Eadie, Cadillac's chief executive.

The problem is largely on the liabilities side. According to Mr Walter Schroeder, president of Dominion Bond Rating Service in Toronto, Cadillac needs about C$1bn in fresh capital, mainly to ease the burden of the syndicated bank loans.

Mr Schroeder concurs that "even with the fall in [property values], it's a very viable company if they can get the bank loan away". Cadillac's portfolio includes Toronto's landmark Eaton Centre, and office buildings and shopping malls in such cities as Vancouver, Atlanta and New Orleans.

The drive to solve Cadillac's problems is proceeding on several fronts.

Securities holders have been divided into three groups, representing shareholders and subordinated debenture holders, senior creditors (that is, holders of the syndicated bank loans) and lenders with loans secured by specific properties. "We're trying to establish the size of the pie, and then we'll decide how to slice it up," says Mr Geoffrey Godard, vice-president of Quebec's Caisse Centrale Desjardins, who chairs the syndicated debt committee.

Cadillac has sold its interest in a handful of properties, but Mr Masson says "we don't plan to dispose of any other assets". The goal is to keep the company together as a going concern.

Cadillac's management is seeking an outside investor, or group of investors, to provide fresh capital.

According to Mr Masson, several candidates are at the due diligence stage. "There is a high level of interest," he says. Cambridge Shopping Centres of Toronto disclosed earlier this year that it had submitted a bid for most of Cadillac's assets.

The restructuring is complicated, however, by arrangements under which Cadillac's partners in some of its choice properties have a right of first refusal on its stake and other negotiating privileges.

On the other hand, the recent reshuffle of shareholders, creditors and directors is expected to help rather than hinder the process. One creditor complains that members of the former banking syndicates "were so dysfunctional they couldn't even agree when to meet". Mr Godard adds that he is "cautiously optimistic" that the changes will speed things up.

Mr Masson is moving from New York to Toronto to oversee the restructuring. He says he plans to stay for no more than "single-digit months". However, he also acknowledges that big corporate restructurings have a habit of taking longer than expected.

Village Roadshow in A$230m fund-raising

By Nikki Tait

Village Roadshow, the Australian cinema and theme parks operator in which Anglia TV of the UK holds a minority stake, is raising up to A$230m (US$171.3m) through a three-part preference share issue.

Part of the issue – A$80m – will only go ahead if acquisition plans for "strategic investment" are successful. However, the shares have been underwritten by McIntosh, the stockbroking firm, guaranteeing that the money will be available.

Yesterday, Village declined to comment on what acquisition it had in mind. It ruled out any interest in the Wesgo radio station business, currently the subject of a recommended bid from Mr Tony O'Reilly's Australian Provincial Newspapers. Market speculation had suggested that Village might have been the buyer of a 5 per cent block of shares.

The first tranche of new money will be raised via the placement of 52.17m preference shares, at A$2.30 each, yielding around A$120m.

This will provide additional working capital for the group, and help fund its joint venture with Mr Kerry Packer's Nine Network, and expansion of its cinema interests in Asia.

The second tranche involves another 34.79m shares, also to be placed at A$2.30, to raise A$80m. These are the shares that will only be issued if the planned acquisition goes ahead.

GM Hughes Electronics to shed 4,400 jobs

General Motors' GM Hughes Electronics unit says the consolidation of its defence-related business will mean the loss of about 4,400 jobs by 1995, and the closure of its facilities in Fullerton, California, writes Louise Kehoe in San Francisco.

GM Hughes, which announced in March it would combine its electronics and defence operations in a newly-formed Hughes Aerospace and Electronics subsidiary, said the cuts were essential. "Today, the Department of Defense and our foreign customers are even more cost-driven and Hughes must change to meet those new priorities," said Mr Michael Armstrong, chairman and chief executive.

Disposals continue as Adsteam reduces loss

By Nikki Tait

Adsteam, the troubled South Australian group formerly run by Mr John Spalvins, yesterday reported a reduced loss after tax and abnormals of A$164.4m (US$122.4m) for the year to end-June. This compares with a A$440.5m deficit for the previous 12 months.

Adsteam took the profit on various asset sales as an extraordinary item, amounting to an aggregate A$893.5m gain against A$108.6m previously. This left net profits for the year at A$333m, compared with last time's A$222.6m loss.

The David Jones retail business made an operating profit of A$84.8m, up 13.7 per cent over the previous year. Sales rose 7.3 per cent to A$1.41bn.

However, Adsteam acknowledged that its operating businesses could not generate sufficient earnings to service the group's existing debt. "Recognising this, the group is proceeding with the policy of attempting to dispose of operating businesses and investments at a price and time that will maximise the sale value," it said.

No decisions had been made on the disposal of businesses, but Adsteam's directors indicated that trade sales were unlikely to leave any surplus for shareholders. "However, there remains the possibility of offers to shareholders of entitlements to subscribe for shares in any business which is subsequently floated," they said.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for trading on 14.09.94: Pool purchase price £/MWh	Final Prices for Trading on 17.08.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.25	16.19	18.53
0100	11.25	10.45	12.80
0130	11.25	10.45	12.80
0200	11.25	10.46	12.80
0230	11.25	10.45	12.80
0300	9.92	10.45	12.80
0330	9.92	10.45	12.80
0400	9.92	10.45	12.80
0430	9.92	10.45	12.80
0500	9.92	10.45	12.80
0530	9.94	9.60	9.60
0600	9.95	10.81	13.15
0630	13.10	10.81	13.15
0700	16.20	13.01	15.35
0730	16.67	16.67	19.01
0800	16.79	16.67	19.02
0830	16.88	21.51	23.86
0900	17.00	21.01	23.38
0930	17.16	26.89	29.29
1000	17.27	35.68	41.09
1030	17.38	34.58	38.99
1100	17.40	27.06	29.51
1130	17.57	31.46	33.96
1200	30.26	34.96	37.31
1230	30.20	34.93	37.46
1300	29.82	31.37	33.83
1330	17.02	26.95	28.36
1400	16.98	22.57	24.96
1430	16.84	21.68	23.97
1500	16.83	21.59	23.97
1530	16.83	21.50	23.97
1600	16.80	21.63	24.03
1630	17.09	29.27	31.65
1700	31.29	29.32	31.75
1730	31.21	29.26	31.66
1800	31.01	29.18	31.53
1830	16.63	21.50	25.85
1900	16.62	17.95	20.29
1930	16.63	16.67	19.01
2000	16.64	16.67	19.01
2030	16.69	13.92	13.92
2100	16.82	22.94	25.26
2130	16.61	31.09	33.34
2200	16.61	31.09	33.34
2230	16.60	16.67	19.01
2300	15.91	16.67	19.01
2330	15.91	16.67	19.87
2400	14.40	15.66	18.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, so £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day.

CONTRACTS & TENDERS

INTERNATIONAL COMPANIES AND FINANCE

Three-card trick from American Express

Financial services group is entering a new phase, writes Richard Waters

Will investors ever again come to look on American Express as a high-growth company?

After 18 months of reorganisation, rationalisation and disposals, that question has come to the fore in recent days. The benefits from cutting costs and shedding unwanted businesses have largely been realised: earnings per share, which sagged at the start of the decade, have rebounded.

Mr Harvey Golub, the tough-talking Brooklyn native who has headed the US financial group for the past 18 months, knows it is now time to deliver on his promise to make the company grow again.

Two events in the past week suggest American Express has entered a new phase. First, the US financial services group relaunched itself in the revolving credit card business (most of its business comes through charge cards, on which the full outstanding balance must be paid at the end of each month).

This week it has also bolstered its presence in the travel business with the acquisition of parts of the Thomas Cook operations for $375m.

Both events provide pointers as to how Mr Golub hopes to restore the fortunes of the US financial services group, which was badly dented by a failed attempt to convert itself into a "financial supermarket" in the 1980s.

Mr Golub's plan rests on three elements:

- extending the company's customer base;
- finding ways to sell new products to existing customers; and
- using the information the company has about its customers to make it more nimble than the bank-owned payment systems that are its main competitors.

American Express's position in the plastic card market has slipped during a period of explosive growth. While spending on plastic cards around the world leapt from less than $250bn in 1985 to around $1,000bn last year, American Express's share of the market fell from 22 per cent to 12 per cent.

Harvey Golub: three-part plan to restore company's fortunes

It was overtaken first by bank issuers of credit cards and, more recently, by non-bank companies ranging from AT&T to Dean Witter Discover.

These organisations made headway by offering new incentives to people to use their cards – for instance by giving frequent-flyer miles, discounts on telephone calls or (in the case of the Discover card) cash rebates – or by dropping their fees and reducing interest rates.

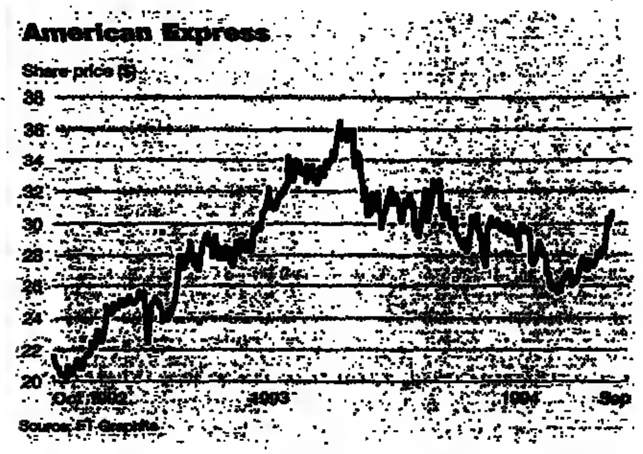
American Express stuck with its "one-size-fits-all" charge card, continuing to charge all its customers a fee while applying a higher discount to merchants who accepted its cards than those charged by the credit card companies.

This higher discount discouraged merchants outside the travel and entertainment industries – where American Express is almost universally used – from agreeing to accept the card, thus slowing growth.

Three things suggest Mr Golub has at least stopped the rot.

First, and most important, the attrition in the company's core card business has largely been halted. While it lost 1.5m cardholders in the US during 1992 and 1993, the number of cards in use has fallen only very slightly, to 11.3m, this year (outside the US the figure has hardly budged from 8m).

The company has also cut the charges to its merchants in order to gain wider acceptance for its cards. Last year, the average fee was 2.92 per cent,



down from 3.11 per cent in 1992. That, too, has largely stabilised – though Mr Golub has made clear that he will, if necessary, keep cutting the discount rate to build the merchant network.

Second, the group has just completed the disposal of a variety of businesses acquired in its disastrous attempt at diversification in the early 1980s. The list includes the sale of the Shearson stockbroking firm and the Boston Company, along with the spin-off of First Data, a data processing company, in 1992 and of Lehman Brothers, the investment bank, in recent months.

The third big advance has been in profitability. From a low point in 1992, after-tax profits rebounded last year to equal the previous earnings record set in 1989. This was due in equal measure to cost-cutting and a sharp reduction in credit losses (many of them from the company's first, troubled entry into the credit card market).

"They've had a lot of corporate issues to solve, and they've done a world-class job," says Mr Eugene Lockhart, the recently-appointed head of rival card group MasterCard International. "But the world card market has moved on apace."

Like many others, Mr Lockhart questions whether American Express can hope to regain lost ground – particularly since the next wave of growth in the card business will come from persuading consumers to use plastic rather than cash for small-value purchases. American Express's traditional customers have been business people using its cards for travel or entertainment.

Mr Golub's plans revolve in part around extending the company's range of cards. Last week, American Express relaunched itself in the credit card business, announcing the first in a series of products it plans to launch in the coming months.

Rather than the old one-size-fits-all approach, each card will offer a different range of incentives (the first provides a longer interest-free grace period than is usual).

At present, American Express maintains revolving credit balances of around $8bn: by the end of the decade, that figure will grow to $30bn, Mr Golub predicts. He bases the estimate partly on the company's ability to persuade its charge-card holders to shift their credit-card spending to American Express. These customers already owe around $40bn on cards issued by other companies, says Mr Golub.

Growth is also coming from the corporate card, a charge card used by companies to make small purchases. Other card companies agree this remains one of the big untapped markets in the payments industry, and could provide solid double-digit growth for some time.

The Thomas Cook acquisitions announced on Monday are likely to bolster the corporate card business: around two-thirds of American Express' existing travel customers also use the corporate card.

Beyond this, Mr Golub has expounded two ideas for growth.

The first involves greater use of information about its customers' spending habits. Unlike bank card issuers, who use the Visa and MasterCard payment systems, American Express runs its own system, and claims this gives it more detailed information about how its cards are used – and makes it possible to target marketing campaigns precisely.

Making this information available to retailers could make it easier for American Express to justify the higher discounts it charges them.

The second growth area involves taking American Express into new areas of the consumer finance business. Mr Golub has yet to expound on what this may entail, though he suggested at an investors' conference last month thet the company's customer base and distribution mechanism could provide a platform for selling other companies' consumer finance products.

In a different way, this echoes the financial supermarket vision of the 1980s – though this time it would not involve large acquisitions.

Ironically, American Express has itself been talked of as an acquisition target in recent days.

Perhaps this is not surprisingly, given the super-charged atmosphere in the US takeover market and the doldrums in which its share price has languished after a brief spurt in the middle of last year.

On a multiple of around 11 times forecast 1994 earnings, American Express is trading on a par with regional US banks and behind higher-growth financial services companies.

General Electric is rumoured to be interested in making another big acquisition in the financial services sector, and this has helped to push up American Express's share price by 10 per cent since the end of last month. At a current market value of $15bn, though, it would be a big target to hit, even for GE.

Bankers Trust sued over US derivatives contracts

By Richard Waters in New York

Bankers Trust is being sued in the US over contracts that allegedly led to losses of $20m.

The action is believed to be the first lawsuit brought against a derivatives dealer by one of its corporate customers.

Gibson Greetings, a Cincinnati-based company, has filed a suit in the federal court alleging the US bank misled it about the risks of complicated interest rate swaps that it bought from 1992 onwards.

Bankers Trust continued to maintain that the contracts were "legal, proper and appropriate". The bank is expected to defend itself by claiming that it had advised senior Gibson executives, including the finance director, abont the risks of the transactions, both in meetings and in written communications.

Gibson's contention thet it had been misled by Bankers Trust first emerged in April, when it announced losses in the wake of rising US interest rates. It came after Procter & Gamble had also publicly attacked the bank, though P&G has yet to take any formal legal action over its allegations.

In its suit, Gibson said that Bankers Trust "did not reveal the material risks and misrepresented the nature of the transactions and thereby deceived and defrauded" the company.

Castle moves closer to deal with German metals group

Tha Castle Energy group of companies has completed the first of two steps in its settlement with Germany's troubled Metallgesellschaft group in a complex series of contracts between them, Reuter reports from Radnor, Pennsylvania.

The US group said Metallgesellschaft has transferred 3.6m of its Castle Energy shares to Castle Energy, leaving it with about 1m shares (of about 7.6m shares issued and outstanding). In payment for the shares, Castle Energy has transferred to Metallgesellschaft certain participations it holds in debt to Metallgesellschaft.

In the second step, Metallgesellschaft will cancel some Castle Energy debt obligations and assume some of its third party debt, together totalling about $875m.

Metallgesellschaft will also transfer its remaining 1m Castle Energy shares, a $5.5m debenture convertible into 500,000 shares, and Castla Energy warrants that it holds.

Castle Energy will retain its natural gas business, free of any interests of Metallgesellschaft. Finally, Metallgesellschaft will issue to Castle Energy a $10m interest-bearing note payable in three years.

Castle Energy will also cancel Metallgesellschaft obligations under agreements effective from February 1995.

INTERNATIONAL CAPITAL MARKETS

US Treasuries improve on benign inflation data

By Frank McGurty in New York and Antonia Sharpe and Martin Brice in London

US bond prices improved yesterday morning after a benign reading on consumer price inflation brought a measure of relief to a fretful Treasury market.

By midday, the benchmark 30-year government bond was ¾ higher at 97 31/32, with the yield slipping to 7.678 per cent. At the short end, the two-year note was 1/16 better at 99 21/32, to yield 6.317 per cent.

With traders braced for bad news, the Labor Department announced that the August consumer prices index was up 0.3 per cent from the previous month, a little less than the consensus forecast of a 0.4 per cent increase. The "core" rate, which excludes the more volatile energy and food sectors, showed a 0.3 per cent gain, matching expectations.

Although the news was not bullish, it was enough to allow bond prices across the board to move forward. Dealers rushed in to cover positions set up amid the pessimism that followed Friday's unpleasant disclosure of a 0.6 per cent jump in August producer prices.

Despite the favourable initial reaction, traders were uncertain whether the relatively tame CPI or the stronger PPI was the most accurate barometer of inflationary pressures in the economy.

Many had second thoughts, especially after the Federal Reserve Bank of Atlanta revealed a moderate increase in the prices-paid component of its monthly survey on business conditions.

However, most economists were sticking to their belief that the Federal Reserve would wait until November before lifting short-term interest rates again.

Their reaffirmation enabled bonds to reverse course for a second time. By early afternoon, prices across the board were showing moderate gains.

■ UK gilts edged higher yesterday as favourable figures for US inflation lifted European markets. The long end was also supported by hopes that today's spate of UK data, which includes inflation figures for August, would be favourable for the market.

GOVERNMENT BONDS

Meanwhile, analysts were digesting the implications of Monday's rise in UK base rates.

Mr Michael Pratten at Kidder Peabody said the UK rate rise had increased credibility in the government's anti-inflationary stance. "But the market is still worried as to whether the government will take any more necessary action on interest rates," he said.

Mr Michael Saunders at Salomon Brothers said there may be a narrowing of the yield spread over bunds: "The UK's inflationary outlook is good and the policymakers are doing the right thing."

The yield spread between gilts and bunds widened from about 135 basis points on Monday to around 138 yesterday. On Liffe, the December long gilt future fell to 99 5/8 before rallying to 100 3/8, up 1/16 points on the day.

■ German bunds built on Monday's gains but analysts said the market remained concerned about supply and the outcome of next month's federal elections.

The Bundesbank is believed to want to raise between DM8bn and DM10bn when it holds an auction of 10-year paper next week.

The poor showing by the Free Democrats, the junior partner in the governing coalition, in last weekend's elections in two east German states revived investors' awareness that a victory for Chancellor Helmut Kohl was not a foregone conclusion.

Analysts said that hopes in some quarters of the market that the Bundesbank could announce a marginal cut of around five basis points in the repo rate after its meeting on Thursday were unlikely to be realised. On Liffe, the December bund future rose 0.20 points to 89.20 in moderate trading.

■ The better supply position in France and receding fears about an early presidential election supported French government bonds. On the Matif, the notional bond future rose 0.14 points to 112.30. Some analysts expect the spread between bunds and OATs to break below the current level of around 50 basis points in the run-up to the German election.

■ Canadian bonds rose on the back of the stronger than expected showing by the Liberal party in a provincial election, which calmed market fears that Quebec would separate from Canada. "The market thinks there is no mandate for a referendum now," said Mr Simon Maggs at UBS in London. Yields at the short end fell 30 basis points to 7.70 per cent, and 10-year bond yields fell 15 basis points to 9.03 per cent.

■ Elsewhere, yields on 10-year Italian bonds fell 13 basis points to 12.15 per cent on short-covering while yields on 10-year Spanish bonds rose 2 basis points to 11.36 per cent on inflation figures.

Swaps volume up by 58.5% in 1993

By Tracy Corrigan

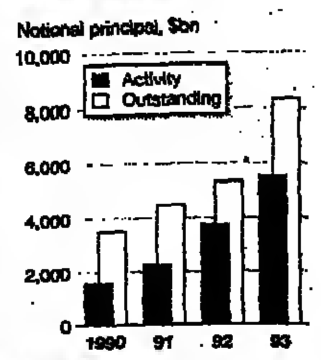
The total amount of swap transactions outstanding rose 58.5 per cent last year to $8,475bn, according to the latest survey by the International Swaps and Derivatives Association.

The volume of new swaps written in the second half of 1993 rose 11.8 per cent to $2,912bn from $2,605bn in the first half. According to ISDA, the continued growth resulted from an increase in hedging by end-users. However, the pace of growth appears to be slowing as the plain vanilla swaps market reaches maturity.

Activity in more complex swap-related transactions, such as caps, floors, collars and swaptions, rose most sharply, by 88.5 per cent for the whole year from $592bn in 1992. New activity amounted to $607bn in the second half of 1993.

ISDA said the continued growth in the over-the-counter swaps market does not necessarily represent a substantial increase in risk, as the figures represent the notional principal amount used to calculate the cash flows involved in swap transactions.

Swaps volume



Source: ISDA

"Notional principal amounts reported by survey respondents are the base against which cashflows are calculated and do not measure market value or credit risk," according to Ms Gay Evans, ISDA chairman and a managing director of Bankers Trust. "Derivatives credit risk . . . typically varies from 1.2 per cent to 2.2 per cent of the notional amount for many dealers."

The survey, conducted by Arthur Andersen, gathered data from 66 firms representing the majority of ISDA member swap dealers.

European Investment Bank launches L500bn offering

By Graham Bowley

Offerings in a variety of currencies on the eurobond market yesterday drew support from the improved tone in government bond markets.

The European Investment Bank launched L500bn of three-year bonds yielding 11.45 per cent. Joint lead manager Deutsche Bank reported strong demand from fund managers in Italy, Germany and the Benelux countries.

"The lira market has been very volatile but there is now a feeling that the worst is behind us for a time," said a dealer.

Joint lead manager IMI Luxembourg said L300bn of the proceeds were swapped into floating-rate lire.

Commerzbank launched a C$150m offering of five-year bonds priced to yield 20 basis points over Canadian government bonds.

The bonds were mainly sold to retail accounts in Benelux and Germany, joint lead manager Merrill Lynch said.

INTERNATIONAL BONDS

"We have seen continued demand in the Canadian dollar market with large amounts of loan redemption at the moment and investors are looking to come back into the market," said one trader.

Some syndicate managers were surprised there was not more issuance in the Canadian market following the rally in Canadian government bonds.

However, others questioned the timing of the launch. "The Canadian market has outperformed the US market in recent months and banking on a further correction may be overly optimistic," said one manager.

Reed Elsevier tapped the dollar market with a $200m offering of five-year bonds, priced to yield 40 basis points over US Treasuries.

"The pricing was aggressive in what has been an anaemic market," said one dealer.

"There seems to be continued buying in the dollar sector, which is surprising given its recent turbulence. The US and Canadian dollar markets are the markets of choice at the moment, it seems," said one syndicate manager

ABN Amro launched a Fl 350m issue of 10-year bonds, increased from an initial offering of Fl 250m.

The bonds were priced to yield 65 basis points over underlying government bonds and were sold to Dutch pension funds and investors in Switzerland and the UK, ABN Amro said.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Reed Elsevier	200	7.50	99.53R	Oct.1999	0.30R	+40(6⅞-99)	CS Fst.Bstn./G.Sachs
Okobank‡	100	(a)	99.80R	-	-	-	Kidder Peabody Intl.
Nippon Credit Bk(Curacao)‡	70	(b)	100.30	Oct.2004	0.30	-	Nippon Credit Intl.
CANADIAN DOLLARS							
Commerzbank Overseas Fin.	150	8.625	99.578R	Oct.1999	+0.25R	+20(7¾-99)	Commerzbank/M.Lynch
STERLING							
Cookson Group§(c)	80	7.00#	100	Nov.2004	2.50	-	CS First Boston
AUSTRALIAN DOLLARS							
Australia & New Zealand Bk.	75	9.50	100.85	Oct.1997	1.50	-	BZW
D-MARKS							
Baden-Wuertembergische‡	250	(e)	100	Oct.1998	0.20	-	Deutsche Bank
GUILDERS							
ABN Amro Bank(d)	350	8.00	98.50R	Oct.2004	0.425R	-	ABN Amro
ITALIAN LIRE							
European Investment Bank	500bn	11.45	101.20	Oct.1997	1.25	-	Bc.Roma/D'tsche/IMI Bk
Helaba Finance BV Ams.	150bn	11.60	101.30	Oct.1997	1.375	-	BCI / San Paulo

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Pays 3mth. Libor +145bp for years 1-5, then pays 3 mth. Libor +345bp. b) Pays 6mth US Libor +50bp until 6/10/97, then pays 10% annually thereafter. c) Amount increased from £75m. Conversion premium 17.55%. Conversion price 288p. Clean up call at any time after 18/11/99 if 85% of bonds are converted. d) Amount increased from NLG250m. e) Pays 3 mth Libor +10bp.

Hungarian bank raises $300m

By Virginia Marsh in Budapest

The Hungarian National Bank has signed a $300m syndicated loan with a five-year maturity, completing its $2.5bn international borrowing requirements for this year.

Around $475m has come from bank loans, representing Hungary's first moves into the syndicated loan market for some years, officials said.

Interest on the loan, which is syndicated to 35 banks, is Libor plus 175 basis points. It was lead-managed by Central-European International Bank, which is owned by Japanese and European banks and the Hungarian state. Agent bank was National Westminster.

The loan will be used to cover Hungary's expected current account deficit of between $2.5bn and $3bn this year. Although central bank reserves stand at around $6.7bn, the country is due to pay a further $2.7bn in repayment and servicing of its $26bn gross foreign debt this year.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.7700	+0.600	10.00	8.49	9.64
Belgium		7.250	04/04	91.1400	+0.130	8.63	8.67	8.27
Canada *		8.500	06/04	85.2000	+0.600	8.80	8.86	9.06
Denmark		7.000	12/04	85.8500	+0.630	8.18	8.19	8.78
France	BTAN	8.000	05/98	101.6250	-	7.45	7.40	7.20
	OAT	5.500	04/04	83.4400	+0.160	8.03	8.05	7.88
Germany Bund		6.750	07/04	94.7500	+0.190	7.52	7.61	7.16
Italy		8.500	04/04	80.4000	+0.510	12.00†	12.16	11.56
Japan	No 119	4.800	06/99	103.5360	+0.120	3.92	4.04	4.03
		4.100	12/03	97.0040	-0.030	4.56	4.64	4.65
Netherlands		5.750	01/04	88.8000	+0.180	7.45	7.49	7.18
Spain		8.000	05/04	80.7000	-	11.37	11.41	11.06
UK Gilts		6.000	08/99	90-03	+3/32	8.50	8.49	8.35
		6.750	11/04	86-30	+7/32	8.70	8.74	8.58
		8.000	10/08	102-15	+4/32	8.69	8.74	8.61
US Treasury *		7.250	08/04	98-27	+7/32	7.42	7.24	7.27
		7.500	11/24	97-27	+10/32	7.68	7.54	7.47
ECU (French Govt)		8.000	04/04	83.2900	+0.090	8.62	8.60	8.27

London closing. *New York mid-day. Yields: Local market standard.
1 Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.65	Two year	6.33
Prime rate	7¾	Two month	4.75	Three year	6.63
Broker loan rate	6½	Three month	4.72	Five year	7.05
Fed.funds	4 11/16	Six month	5.10	10-year	7.44
Fed.funds at intervention	-	One year	5.65	30-year	7.69

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	112.08	112.16	+0.02	112.02	111.72	184,264	75,101
Dec	111.20	111.20	-	111.22	110.79	74,060	79,938
Mar	110.54	110.52	-0.02	110.54	110.20	452	6,039

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Oct	Calls Dec	Calls Mar	Puts Oct	Puts Dec	Puts Mar
111	0.34	1.72	-	0.62	1.52	-
112	0.12	1.20	-	1.23	2.00	-
113	0.05	0.81	-	-	2.60	-
114	0.02	0.43	-	-	-	-
115	0.01	0.20	-	-	4.03	-

Est. vol total, Calls 27,448 Puts 35,700 . Previous day's open int., Calls 201,479 Puts 276,690.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.00	89.20	+0.20	89.25	88.57	139113	143253
Mar	87.95	88.40	-0.15	87.95	87.80	45	1084

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
8900	0.61	1.06	1.30	1.36	0.41	0.95	1.10	1.96
8950	0.35	0.79	1.03	1.16	0.65	1.09	1.33	2.26
9000	0.16	0.57	0.80	0.96	0.96	1.37	1.60	2.56

Est. vol. total, Calls 8557 Puts 8253 Previous day's open int., Calls 168866 Puts 175826

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.95	96.82	+0.72	97.00	95.83	45535	62150
Mar	-	96.07	+0.60	-	-	0	340

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
9650	2.60	2.09	2.28	2.52
9700	2.32	1.86	2.50	2.79
9750	2.06	1.66	2.74	3.09

Est. vol. total, Calls 836 Puts 2154. Previous day's open int., Calls 8873 Puts 11317

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	86.21	86.28	-0.08	86.30	85.37	51,936	84,152
Dec	84.59	84.93	+0.11	84.95	84.08	18,081	42,730

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	100-13	100-24	+0-05	100-24	100-03	1926	23360
Dec	99-29	100-03	+0-04	100-07	99-09	75000	95795

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
100	2-05	2-51	1-63	3-21
101	1-38	2-24	2-32	3-58
102	1-11	1-63	3-05	4-33

Est. vol. total, Calls 4743 Puts 1309. Previous day's open int., Calls 28015 Puts 28631

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	80.16	80.40	+0.12	80.36	80.00	1,111	3,379
Dec	79.56	79.90	+0.18	79.90	79.56	1,467	5,684

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	100-22	101-02	+0-13	101-04	100-12	28,305	112,811
Dec	99-25	100-06	+0-13	100-08	99-15	627,261	343,068
Mar	99-02	99-14	+0-08	99-17	98-28	1,460	8,195

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.85	-	-	107.91	107.73	1551	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price indices UK Gilts	Tue Sep 13	Day's change %	Mon Sep 12	Accrued interest	xd adj. ytd		Low coupon yield Sep 13	Sep 12	Yr. ago	Medium coupon yield Sep 13	Sep 12	Yr. ago	High coupon yield Sep 13	Sep 12	Yr. ago
1 Up to 5 years (24)	119.79	+0.02	118.73	1.72	8.01	5 yrs	8.62	8.62	8.27	8.68	8.69	8.50	8.82	8.83	8.71
2 5-15 years (21)	137.99	+0.03	137.95	1.62	8.60	15 yrs	8.59	8.60	7.07	8.73	8.73	7.19	8.95	8.97	7.42
3 Over 15 years (9)	154.27	+0.09	154.13	1.29	9.81	20 yrs	8.53	8.53	7.17	8.73	8.73	7.25	8.78	8.81	7.43
4 Irredeemables (6)	176.38	-0.18	176.67	2.74	8.83	Irred.†	8.81	8.59	7.31						
5 All stocks (60)	135.82	+0.04	135.77	1.63	9.15										

Index-linked							Inflation 5% Sep 13	Sep 12	Yr. ago	Inflation 10% Sep 13	Sep 12	Yr. ago
6 Up to 5 years (2)	185.33	+0.03	185.27	0.84	3.95	Up to 5 yrs	3.91	3.91	2.54	2.87	2.87	1.79
7 Over 5 years (11)	171.73	-0.18	172.04	0.67	3.81	Over 5 yrs	3.88	3.86	3.18	3.70	3.68	2.98
8 All stocks (13)	172.27	-0.16	172.53	0.69	3.81							

Debentures and Loans						5 year yield Sep 13	Sep 12	Yr. ago	15 year yield Sep 13	Sep 12	Yr. ago	25 year yield Sep 13	Sep 12	Yr. ago
8 Debs & Loans (75)	127.55	-0.05	127.62	2.33	7.84	9.76	9.73	7.78	9.66	9.64	8.06	8.57	8.56	8.21

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Sep 13	Sep 12	Sep 9	Sep 8	Sep 7	Yr ago	High*	Low*
Govt. Secs. (UK)	91.00	91.12†	90.84	91.65	91.26	102.34	107.04	90.84
Fixed Interest	108.02	107.87	108.19	108.20	107.89	124.83	133.87	107.33

GILT EDGED ACTIVITY INDICES

	Sep 12	Sep 9	Sep 8	Sep 7	Sep 6
Gilt Edged bargains	88.0	111.7	100.7	79.8	85.3
5-day average	93.1	93.8	95.8	92.5	93.3

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. † Correction.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on September 13

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 00	1000	90⅝	90⅞		8.03
Alberta Province 7⅞ 98	1000	101⅛	101⅜		7.29
Austria 8½ 00	400	104⅛	104⅜	-⅛	7.46
Bank of Tokyo 8⅞ 00	100	102⅛	102⅝		8.64
[illegible]					
United Kingdom 7¼ 07	5500	101⅛	101⅜		8.66
Volkswagen Intl Fin 7 03	1000	94⅜	94⅞		7.91
World Bank 0 15	2000	19⅝	20⅛		7.92
World Bank 5⅜ 03	3000	86¼	86⅞	-⅛	7.71
World Bank 8⅜ 00	1250	107⅞	108⅛	-⅛	6.99
[illegible]					
Abbey Natl Treasury 8 03 £	1000	91	91¼	+⅛	9.57
Alliance Leics 11⅜ 97 £	100	108¼	108⅝		8.60
British Land 8⅞ 23 £	150	87¾	88¼	-⅛	10.46
Denmark 8¾ 98 £	800	93¼	93½		8.85
EIB 10 97 £	637	103½	103⅞	-⅛	8.28
[illegible]					

[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts (Lives up to Five Years)						
Treas 9pc 1994‡‡	8.05	5.56	100 15/32		103 13/16	100 15/32
12pc 1995	11.74	5.81	102 5/32		107 3/32	102 5/32
Exch 3pc Gas 1990-95	3.05	5.72	98¼		98 7/16	87⅛
10¼pc 1995	9.95	6.57	103	-1/32	107 13/32	103
Treas 12¾pc 1995‡‡	11.99	6.94	106⅜	-⅛	113⅜	106⅜
[illegible]						

[illegible]

• 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

COMPANY NEWS: UK

Underlying growth of almost a fifth after purchase of Pillar

Remixed Caradon pleases City

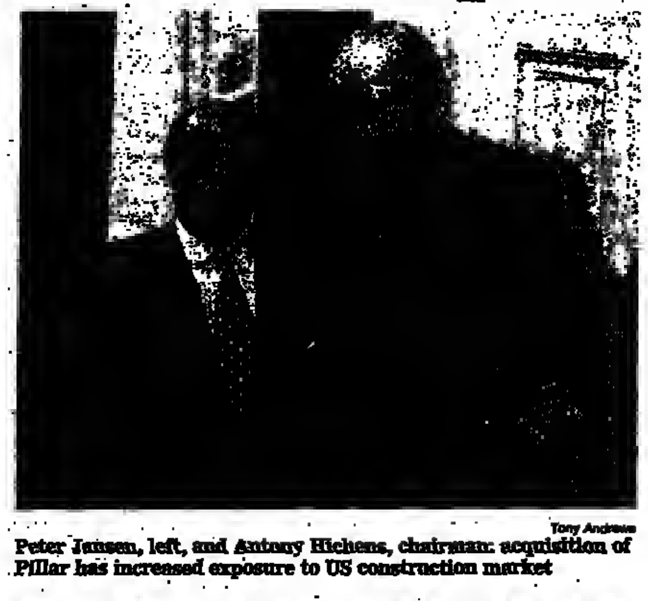
By Andrew Taylor, Construction Correspondent

The share price of Caradon, one of Europe's biggest building materials groups rose by almost 4 per cent yesterday after the company announced an increase in underlying profits of almost a fifth in the first half of 1994.

Operating profits of Caradon's new mix of businesses, following last year's £809m purchase of the Pillar building products business from RTZ, rose from £79.8m to £94.2m. The comparable figures have been restated to include Pillar's results.

Mr Peter Jansen, Caradon's chief executive said that operating margins at Pillar, which had significantly increased the group's exposure to the sharply recovering US construction market, had risen from 5 per cent to 8 per cent since it was acquired.

The improvement was due mainly to increased sales volume and cost reductions. Prices also had risen but mostly in line with raw material costs, said Mr Jansen. Turnover rose from a restated £926.9m to £981.7m, including £2.1m (£3.9m) from discontinued activities.



Tony Andrews

Peter Jansen, left, and Antony Hichens, chairman: acquisition of Pillar has increased exposure to US construction market

Caradon manufactures a wide range of building materials including windows, doors, central heating boilers and electronic control systems for buildings in the UK, US and continental European markets.

It also has interests in automotive and aircraft components as well as a cheque printing business in the US.

The shares rose 11p to 298p in spite of a 41 per cent fall in pre-tax profits to £90.8m, against £152.8m which included an exceptional £100.3m profit from the sale of its CarnaudMetalbox interests.

Earnings per share fell from 26.4p to 8.9p reflecting last year's £334m rights to help fund the Pillar acquisition. Excluding exceptional items earnings rose from 6.8p to 8.9p. The interim dividend is increased from 2.83p to 2.9p.

Profits rose fastest in the US increasing by 30 per cent from £27.3m to £35.7m in spite of a 20 per cent cent fall in operating profits to £20.4m from cheque printing.

Mr Jansen said that US building materials sales had been strong in the first half in spite of bad weather disrupting construction activity.

UK profits rose by 22 per cent from £38.6m to £47.3m. Building materials sales, however, were mixed due to the failure of repair, maintenance and DIY work to recover in line with the increase in new house building.

Profits in continental Europe, where recovery in construction demand has occurred later than in the US and UK, fell from £13.9m to £11.2m.

See Lex

Taylor Woodrow doubled to £22m

By Andrew Taylor, Construction Correspondent

Pre-tax profits of Taylor Woodrow more than doubled from £10.1m to £22m during the first six months of this year, led by a sharp rise in house sales.

Earnings per share increased from 1.3p to 3.5p, and the construction and property group is raising its interim dividend by 50 per cent from 0.5p to 0.75p.

Its share price, however, fell 2p to 135p as construction and building material stocks continued to be depressed by Monday's UK interest rate rise.

Mr Colin Parsons, chairman, said the increase would make it more difficult for housebuilders, but could help the economy as a whole if it encouraged low inflation.

The rise in profits had been achieved in spite of a 17 per cent decline in turnover to £514m (£623m). The reduction reflected the group's refusal to take on construction contracts at unacceptable margins.

Even so, UK contracting only just managed to break even in the first half, although construction world-wide moved from a £3.4m loss to a £1.8m profit, thanks to the £3.2m settlement of a claim for work on the Storebaelt link in Denmark.

The profits improvement was led by housebuilding, which more than doubled from £3.9m to £9m, with Taywood Homes in the UK increasing its first half contribution by 50 per cent to £3m (£2m).

UK housing profits overall remained unchanged at £3m because of the absence of apartment sales by the commercial property division, which contributed £1m in the first six months of 1993.

Housing profits from the US, Canada and Australia also rose from £4m to £6m, after allowing for a £3.2m write-down last year in southern California.

Property profits rose from £6.5m to £7.4m due to lower interest charges and in spite of a reduction in net rental resulting from previous disposals.

Net borrowings fell by £25.3m to £90.8m reducing gearing to £16.9m. Interest payments as a result halved in the first half to £5.1m (£10.5).

● **COMMENT**

Colin Parsons has done a good job in steadying the ship after Taylor Woodrow lost its way in the early 1990s. The balance sheet is in fine fettle while the group's conservative approach to contracting and housebuilding should stand it in good stead with interest rates starting climb again. Contracting, however, remains an unattractive business, particularly in the UK, where margins are likely to remain depressed in the short term. Housebuilding profits should recover further, but group profits of £48m this year and £60m next would put the shares on multiples of 18 and 14 respectively, which is dear enough given that the shares already have outperformed the market by about a 10th in the past 12 months.

United Friendly ahead sharply to £13.6m

By Christopher Price

A turnround in the general insurance business underpinned a sharp rise at United Friendly, where pre-tax profits more than doubled from £6.1m to £13.6m for the first six months of the year.

Premium income increased to £170m (£166m), while earnings per share advanced to 11.8p (7p). The interim dividend is raised to 6.1p (5.5p).

Mr George Mack, assistant managing director and finance director, said the general insurance business, which at the last interims showed a loss of £7m, had benefited from changes to the underwriting and a general improvement in the trading environment.

However, life assurance profits fell from £5.6m to £2.7m, largely as a result of losses incurred by Acuma, which United purchased from American Express last year. Mr Mack said the court action being pursued against the US group over the purchase price of Acuma was now likely to be settled out of court.

Life fund investments fell to £2.41bn (£2.6bn), reflecting weak bond and equity markets.

Fall in gambling profits leaves Crockfords at £8m

By David Blackwell

Crockfords, the casino company that was reversed into TV-am last year, reported pre-tax profits down from £15m to £8.12m for the 28 weeks to July 17.

However, the previous half included £1.93m in movements in provisions for discontinued activities – a hangover from TV-am.

Operating profits from its gambling business fell by 40 per cent from £13.2m to £7.9m.

The shares closed down 5p at 146p after recovering from a low of 132p.

Crockfords opened London's first legal casino in Curzon Street in 1961.

The turnover, or the casino's win from gamblers playing there, fell from £27.2m to £24.9m. Mr Garry Nesbitt, chairman, said that just as many players were coming through the doors as last year, but the casino had won a smaller proportion of the money staked.

Operating costs rose from £5.82m to £9.63m.

Fully diluted earnings per share fell from 11.71p to 5.89p. An interim dividend of 2p is being paid. Mr Nesbitt said the company expected to pay a final of 6p.

Baynes back on acquisition trail

By Christopher Price

Charles Baynes, the fast-growing specialist engineering group, yesterday returned to the acquisition trail, paying a total of £14.4m for five companies.

It also reported interim pre-tax profits 71 per cent ahead at £5.6m (£3.27m), boosted largely by other recent acquisitions. Turnover increased by a similar amount at £67.04m (£39.34m), while earnings per share grew 19 per cent to 1.97p (1.65p). The interim dividend was raised 22 per cent to 0.7p (0.575p).

Mr John Perkins, finance director, said that first half trading for existing businesses had been slightly ahead of the same time last year. The valve division had shown the most improvement, with operating profits increasing 64 per cent to £1.95m on turnover 25 per cent ahead at £14.2m (£11.34m). He said that overseas demand from the petrochemical industry was a significant factor in the improvement.

However, the aerospace business continued to struggle. Operating profits slipped from £516,000 to £73,000 on turnover 9 per cent down at £8.35m (£9.2m).

Buck & Hickman, a tool distributor which Baynes acquired last year, contributed to its first full half year with £24.97m in sales and £1.85m in operating profits. The subsidiary was also behind the boost to cash reserves which jumped from £1.47m to £14.47m year-on-year.

Mr Perkins said the cash was being used to fund yesterday's acquisitions, a move which would leave the company cash neutral. Pillar Engineering Supplies was the most costly of these at £5.95m. It will link up with its former competitor B&H, greatly enhancing Baynes' distribution network.

The company is also paying £4.25m for French valve group Industrie Mécanique Pour Les Fluids, £2m for Maxseal, a Bristol-based solenoid valve manufacturer, £1.1m for Orseal Valves, a manufacturer of ball valves for ships, and £1.1m for Andrews Fasteners, a distributor of corrosion-resistant fasteners.

Delta shares fall despite 5% advance to £30.6m

By Andrew Bolger

Shares in Delta fell by 31p to 468p after the cables and engineering group said increased activity in the UK construction market had not yet been fully reflected in demand for its plumbing products and electrical circuits.

Delta's pre-tax profits rose 5 per cent from £29.1m to £30.6m in the six months to July 2; turnover grew by 3 per cent to £440m.

Sir Martin Jacomb, chairman, said: "Despite continuing encouraging signals, overall patterns of trading have remained inconsistent."

Mr Robert Easton, chief executive, said the "light end" of the building materials market in the UK was still flat, but the European construction market had rebounded sharply.

Delta's cable businesses continue to suffer from intense price competition. Mr Easton said the group had pushed through price increases of about 20 per cent in general cables and wiring, but this had been fully absorbed by higher prices for raw materials such as copper and pvc.

The engineering division increased operating profits by 27 per cent, mainly because of a recovery in demand for plumbing products in Continental Europe.

Industrial services also increased profits, reflecting growth in the Australian businesses. Circuit protection, however, was affected by a sharp downturn in demand for its products in the Middle East and by restructuring costs.

Gearing fell from 28 to 23 per cent. Mr Eaton said the group would continue to develop through organic growth and appropriate acquisitions. The success of a Malaysian protective coatings plant had reinforced the group's commitment to further expansion in south-east Asia.

Earnings per share increased by 4.8 per cent to 13.1p (12.5p), but the interim dividend was lifted by only by 2.4 per cent from 4.2p to 4.3p.

● **COMMENT**

A 6 per cent drop in the share price seemed a little harsh for results which were in line with forecasts, even if the dividend was stingier than expected. Delta's trouble is that, having cut costs so much, it is seen as a prime beneficiary of a recovery in volume - and the cautious trading statement was enough to unsettle a twitchy market. The operational gearing argument still stacks up, however - a 2 per cent increase in engineering sales translated into a 27 per cent rise in operating profit. Even the troubled cables market could be lucrative when it turns - as BICC's results in the US recently demonstrated. Yesterday's share price fall was on low turnover of a tightly-held stock. Unchanged full-year forecasts put the shares on a prospective multiple of about 18. That 15 per cent premium to the market looks justified, on medium-term view.

Cost of restructuring Queens Moat debt jumps to £42m

By Peggy Hollinger

Queens Moat Houses, the struggling hotels group, yesterday added fuel to the controversy over hefty charges paid to banks and advisers by announcing that the costs of restructuring its £1.3bn borrowings would be £42m.

Mr Andrew Coppel, chief executive, said delays in concluding the refinancing talks had forced the group to increase its provisions for charges, including facility fees to banks, by £10m to £42m.

The delays have further hit the group by leaving it with a £19.3m charge (£10.6m gain) for currency movements. Because of restricted banking arrangements in place while the discussions are under way Queens Moat is unable to hedge against its foreign debt.

These factors helped to increase the pre-tax loss for the first half to July 3 by 56 per cent to £59m (£37.8m).

Excluding exceptionals, the pre-tax loss fell from £48.4m to £31.6m.

The company is believed to be frustrated by the scale of fees paid to banks and advisers, both its own and those of the lenders. Mr Coppel said he had little choice, however. "My first priority must be to restore value to shareholders and get this company restructured."

Queens Moat has been in restructuring talks for the last 18 months. While most of the company's 74 lenders have agreed restructuring proposals – which include a substantial debt-for-equity swap – a minority are objecting to the terms. Those resisting the proposals are believed to include lenders who came into Queens Moat through the secondary debt market.

Mr Coppel said he was confident the group "would get there in the end". The provisions were made on the assumption that the lenders would all agree a refinancing by the end of the year.

The long delays in completing a restructuring, which was originally expected by June, are not believed to be causing the lenders any great concern. One adviser has said that the improved trading position made an early resolution of the disagreements between lenders less urgent.

Yesterday Queens Moat reported a 97 per cent increase in operating profits to £17.9m on sales 12 per cent ahead to £207m.

The improvement in profits was partly because of a strong recovery in the UK hotels division, with operating profits up 54 per cent to £14.6m. Occupancy rates increased from 51 to 57 per cent, although room rates fell by more than 3 per cent. This was in line with QMH's strategy initially to chase volume and, when possible, push up rates.

Continental Europe remained difficult, in spite of a turnround in Germany.

Queens Moat raised £22m from disposals in the first half. About 14 more hotels are targeted for disposal.

Net debt was £1.3bn (£1.2bn). Losses per share deepened to 7.2p (5p). There is no dividend.

Kenya shilling boosts James Finlay

By Peter Pearse

Strength of the Kenya shilling lay behind a 30 per cent rise in pre-tax profits at James Finlay, the overseas trading and financial services group, in the first half of 1994.

Profits rose to £4.94m (£3.8m) after an exchange gain this time of £646,000, against losses last of £1.32m. Turnover advanced to £82m (£76.3m).

Mr Richard Capper, deputy chairman, expected the Kenyan tea crop to be about 20m kg, some 2m kg down on the previous first half. This led to operating profits from plantations (excluding Bangladesh, where the tea is not picked until late in the first half) falling to £2.46m (£2.57m).

Lower tea trading was offset by reduced losses at Finlay Industries in the US, which makes tractors and lawn mowers and the trading, manufacturing and merchanting division saw lower profits of £1.21m (£1.55m).

A bright spot was the confectionery and beverage manufacturing side, where profits advanced to £1.77m (£1.12m) on the back of greater volumes at Paynes and a lower interest bill.

Losses on the oil and gas side fell to £157,000 (£418,000) and the group took a provision of £2.9m against the discontinuance of these operations by the end of the year. Mr Capper said it was "such a small part of the Finlay empire" and had not been a very good investment.

The provision was offset by a profit of £3.2m from the disposal of the 18 per cent stake in Rockall Scotia Resources.

Mr Capper said that the 31 per cent tax charge was likely to rise between 40 and 45 per cent for the year, against 71 per cent last time.

Earnings increased to 3.3p (1p) per share and the interim dividend is held at 2p.

Clyde Petrol back to black with £2.2m

By Peggy Hollinger

Clyde Petroleum, the UK exploration and production company, has celebrated a return to the black with its first dividend payment in three years.

The independent oil group announced interim net profits of £2.2m, against losses of £16.2m, and a first half payout of 0.35p.

The performance was achieved in spite of a 19 per cent drop in the average oil price.

Turnover rose by 25 per cent to £49.1m.

Mr Malcolm Gourlay, chairman, said the group had tried to pitch the dividend at a sustainable level. Clyde expects to pay a further 0.65p at the end of the year, for a 1p total.

The company increased production by 46 per cent to 30,843 barrels of oil equivalent per day. About 80 per cent of Clyde's reserves are producing.

Gearing was expected to be about 100 per cent at the year-end.

First half earnings were 0.6p, against a loss of 4.6p.

Norweb re-purchase

Norweb yesterday became the sixth regional electricity group to re-purchase its own shares by buying back 5m of its own shares representing 2.89 per cent of its issued capital, at 795p a share.

Meanwhile South Western Electricity bought back a further 500,000 of its shares at 768p bringing the total shares it has repurchased in recent weeks to 4.75m shares representing about 3.9 per cent of its capital.

Everest Foods suffers pressure on margins

By Richard Wolffe

Everest Foods, the West Midlands-based potato chip producer, blamed low-cost economy products for a 47 per cent decline in pre-tax profits in the year to May 31.

The group, which also owns Ashfords, the lossmaking food distributor, saw pre-tax profits fall from £2.09m to £1.1m, despite a 14 per cent rise in turnover from £31.9m to £36.3m.

Mr Bob Gilbert, chairman, said that supermarket demand for economy goods put severe pressure on margins. The group has revised its contracts to lend more flexibility to potato purchases.

However, the group argues that its contracts place it in a strong position to survive the current potato crop fears, which have pushed prices high.

Everest cut its final dividend to 1.3p (2.5p), leaving a total of 2.5p (3.7p). Earnings per share declined from 5.46p to 3.23p.

Ashfords, which made losses of about £250,000 this year, suffered as Sunday trading by supermarkets reduced demand from the smaller convenience stores which the distributor supplies.

In July, Everest sold the majority of its stake in Arnold Davies, the egg production company, to concentrate on its core business of potato products.

Emess ahead as 'markets emerge from recession'

Pre-tax profits at Emess, the UK's largest lighting company, rose 45 per cent from £1.1m to £1.6m in the first half of 1994, as the consumer and commercial lighting markets "emerged from recession".

Turnover grew organically by 8 per cent to £64.5m (£59.5m) and Mr Michael Meyer, chairman, ascribed the margin improvement to "stringent cost control". Also, productivity rose with sales per employee up 15 per cent. Trading profits rose by 24 per cent to £2.6m (£2.1m).

The shares eased 2½p to 34p yesterday.

Trading profits from consumer lighting were up at £600,000 (£200,000) on turnover at £38.6m (£34.8m). Profit and turnover advances were less dramatic on the commercial side at £2m (£1.9m) and £25.9m (£24.7m) respectively.

The overseas companies lifted their proportion of turnover by 1 percentage point to 57 per cent.

Profits from the UK were unchanged at £3.4m, but this time there were no losses from Germany, against £600,000 last time. Losses from the US deepened to £400,000 (£300,000).

Fully diluted earnings increased to 0.8p (0.5p) per share and again, "in line with recent practice", there is no interim dividend.

Boyd leaves Goal Petrol

By Peggy Hollinger

Goal Petroleum, the oil and gas explorer, is likely to look beyond the North Sea for growth now that Mr David Boyd is retiring after 20 years as managing director.

Mr Boyd's retirement was announced yesterday, along with interim results showing a 36 per cent fall in net profits from £2.77m to £1.76m for the six months to June 30.

The profits were hit by the sharp fall in oil prices over the last 12 months. Turnover was down from £20.9m to £20.1m although production rose by 23 per cent to 12,300 barrels of oil equivalent a day.

Mr Boyd, 59, is closely identified with Goal, where he has worked since shortly after its flotation in 1973. He will be replaced by Mr Duncan Ritchie, the commercial director.

Earnings per share fell by 37 per cent from 2.07p to 1.31p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Baynes (Charles)	int	0.7	Nov 4	0.575	-	1.65
BDM	fin	3.75	Nov 24	3.25	5.4	4.75
Blagden	int	nil	-	1.5	-	1.5
Caradon	int	2.9†	Nov 18	2.83	-	8.81
Claremont	int	4†	Jan 3	3.6	-	8.1
Clyde Petroleum	int	0.35	Oct 28	nil	-	nil
Conrad Ritblat	fin	0.5	Oct 27	nil	0.5	nil
CrestaCare	int	0.26†	Nov 1	0.25	-	0.75
Crockfords	int	2	Oct 21	-	-	2.5
Cussins Property	int	1.4†	Oct 27	1	-	3
Delta	int	4.3	Dec 1	4.2	-	14.5
Domestic & Gen §	fin	18.5	Nov 24	15	27.75	22.5
DRS Data	int	1	Nov 3	-	-	-
EBC	int	1.75	Oct 21	1.75	-	4
Everest Foods	fin	1.3	Dec 2	2.5	2.5	3.7
Eyecare Prods	int	0.5†	Oct 4	0.5	-	2.5
FBD Holdings	int	2.575‡	Oct 21	2.3	-	5.175
Finlay (James)	int	2	Jan 4	2	-	4.15
Fisons	int	1.7	Jan 3	3.3	-	4.3
Haggas (John)	fin	2	Nov 25	2	3	3
Intl Bus Comms	int	1.5	Nov 10	nil	-	nil
Kingfisher	int	4.4	Nov 17	4.4	-	14.8
London and Man	int	5.8	-	5.12	-	15.68
Mayborn Group §	int	2	Nov 4	1.8	-	5.7
Merchants Trust	int	2.85☆	Nov 18	2.85	-	11
Mid States §	int	nil	-	0.75	-	0.75
Parkdean Leisure	int	1.8	Oct 20	-	-	1.3
Perkins Foods	int	1.75†	Oct 21	1.75	-	4.45
P&O	int	13.5	Nov 28	24	-	30.5
Record Holdings	int	1.15	-	1.15	-	3.6
Taylor Woodrow	int	0.75	Nov 2	0.5	-	1.5
Trinity Intl	int	3.3	Oct 28	3	-	8.7
United Friendly	int	6.1	Oct 20	5.5	-	16.5
Usher (Frank) §	fin	4.5	Nov 4	3.5	7	6
Watmoughs	int	1.7	Nov 4	1.5*	-	6.6*
Wyevale Garden	int	2.99†	Nov 7	2.75	-	4.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Adjusted for scrip issue. ☆ Second interim making 5.7p to date. ‡Irish pence.

New contracts in UK and progress at Hungarian arm fuel the advance

Watmoughs ahead to £7.91m

By David Blackwell

Contracts to print the Daily Telegraph's TV & Radio Guide and The News of the World's colour supplement helped Watmoughs (Holdings), the Bradford based printer, to lift interim pre-tax profits by 24 per cent.

They increased from £6.37m to £7.91m in the six months to end-June on sales 26 per cent ahead at £82.7m (£65.5m).

Mr Patrick Walker, chairman and chief executive, said the UK had performed better than expected, with overall demand improving in addition to the new contract work.

The Hungarian subsidiary had progressed in line with expectations, while the Spanish arm, which came on stream last year, had performed slightly worse than expected.

Profits in the UK were 23 per cent ahead at £7.19m (£5.83m) on turnover of £87.8m (£59.2m). Mr Walker said turnover in gravure printing had risen from £33.9m to £44.6m, and in web offset printing from £21m to £27.2m.

The company started printing the Telegraph TV guide in January and the News of the World supplement in April. It had also won more business printing retail and travel brochures and inserts.

Last month the group delivered the first Sky TV Guide, which had a print run of 2.7m copies. The guide is expected to increase circulation by 50,000 copies an issue, giving it the biggest circulation of any UK magazine.

In Spain recession held back the level of business outside the printing of ¡Hola! and Hello magazine. Profits were £415,000, compared with £326,000 from the start of the operation in the second quarter last year.

Profits in Hungary grew from £215,000 to £305,000 on turnover up from £2.63m to £4.69m. The Budapest-based subsidiary now prints 36 periodicals and exports to Russia, Romania and Poland.

Net interest payable was £1.61m, against £76,000 in the first half last year, when about £1.75m of interest was capitalised. For the whole of 1993, interest payable was £1.97m.

The tax charge of 27 per cent (23 per cent last time) reflected a fall in capital expenditure, which is expected to be £28m this year, falling to £10m in 1995 before rising again.

Earnings per share rose to 7.82p (6.69p). The interim dividend has been increased to 1.7p (1.5p).

● COMMENT

Watmoughs looks well placed – demand is rising and customers are seeking the group out because of its market position. Results are already weighted towards the second half, and will benefit from a full contribution from the two new contracts. It is confident of passing on price increases; in any case most of its paper consumption is paid for by its customers in the first place. There is plenty of room for growth in Hungary and Spain. Earnings of 22p are expected for the full year despite the increasing tax charge. This puts the company on a prospective multiple of 18.5 – fully valued, but e strong hold.

See People

Blagden 74% down at £780,000

By Caroline Southey

Blagden Industries, the steel drum maker, yesterday announced a restructuring programme as well as pre-tax profits down 74 per cent at the interim stage.

In the 25 weeks to June 26, pre-tax profits fell from £3.04m to £780,000. Last year's figure included £617,000 from a property sale. Group restructuring and re-organisation costs rose from £330,000 to £1.5m

Mr Richard Searle, chief executive, said the changes underway as well as the latest results showed the company "had halted the slide".

Mr David Kendall, chairman, said "a modest improvement" was evident this year compared with the second six months of 1993 when the group incurred a loss of £106,000 after interest. But underlying demand for steel drums remained weak, while profit margins had been eroded due to pressure on selling prices and rises in raw material costs.

Demand for speciality chemicals remained at a "reasonable level". However, it had not been possible to recoup raw material cost rises in the UK manufactured resins division.

Turnover dipped from £116.9m to £113.6m, which included e £5.8m (£8.5m) contribution from discontinued operations. The chemicals division contributed £26.2m (£25.2m) while the UK packaging operations contributed £16m (£17m).

As part of its "strategic review," Blagden sold its main plastics packaging operations for £6.9m in July. A loss of about £3.8m, provided for in the 1993 accounts, will fall in the second half.

Changes to management include the appointment of Mr David Roeche, previously finance director of Massey Ferguson, as finance director to replace Mr Lance Levine. As announced earlier, Mr Dick Searle has taken over from Mr Kendall as chief executive.

The chemicals business was split into two divisions, manufacturing and trading, to "provide more focus," Mr Kendall said.

Following the rights issue in June which raised £28m and the sale of the plastics packaging businesses, gearing stands at 20 per cent compared with 82 per cent last time.

Earnings per share were nil against 2.7p last time.

Domestic & General 24% ahead

By Christopher Price

Domestic & General, the domestic eppliance insurer, yesterday announced a 24 per cent rise in pre-tax profits from £7.68m to £9.56m for the year to the end of June.

However, the results came towards the lower end of analysts' expectations, and this, together with e warning of increased expenditure on its German operations and new product development sent the shares retreating 92p – or 5 per cent – to £16.93.

Turnover increased to £66m (£56.3m), while earnings per share advanced to 93.47p (75.63p). The dividend is raised to 27.75p (22.5p) with a proposed final of 18.5p.

Mr Martin Copley, chairman, said that although the rate of growth had slowed over the year, particularly in the second half, trading was still satisfactory.

He added that the company was focusing its attentions on the uninsured market – less than 30 per cent of domestic appliances in the UK are currently insured – and the largely unexploited European market. However, those objectives would necessitate additional expenditure "which will continue to impact in the coming year."

Another cloud on the horizon was the on-going DTI inquiry into extended warranties, the outcome of which was being awaited by the company before it introduced some new products to the market.

Total contribution (underwriting profits before expenses) amounted to £15.66m (£13.29m) and investment income increased slightly to £6.38m (£6.14m).

The company elso announced that it was applying for a full listing on the London Stock Exchange, but added that it had decided against having a share split.

DRS Data shares drop 58% on fall in sales

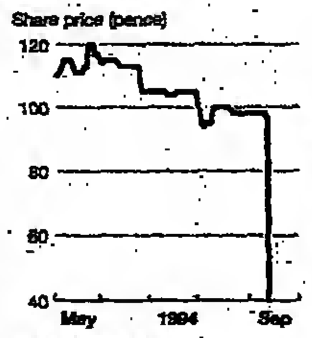
By Caroline Southey

Shares in DRS Data & Research Services, the scanning equipment manufacturer which came to the market in May, fell by 58 per cent yesterday after the company warned that uncertainty in education, the group's biggest market, had led to lower than expected sales.

Shares in the Milton

DRS Data

Share price (pence)



Source: FT Graphite

Keynes-based company closed 56p lower at 40p. The shares were placed in May at 110p, valuing the company at £40m.

Mr John MacArthur, chairman, said that in the first months of the year sales into schools, which accounted for 70 per cent of turnover, were 6 per cent above the same period last year. However, by the end of the 28-week period sales into schools were down by 14 per cent. Turnover for the 28 weeks to July 15 fell from £8.87m to £5.78m.

Mr MacArthur said he expected sales to schools to represent e "smaller proportion of our growth in the future."

DRS was seeking to broaden its product base as well as expanding into other areas, including the health sector.

DRS supplies scanners which can capture hand-written data, such as ticks on multiple-choice forms, for processing by computers.

Pre-tax profits stood at £1.48m (£1.54m). Earnings per share were 3.19p (3.82p) and a 1p dividend is being paid.

Not a cloudless sky for Irish Permanent

Alison Smith charts the society's road to conversion

The Irish Permanent Building Society, Ireland's largest mortgage lender with about 27 per cent of the £7.3bn Irish mortgage market, is not living up to its name.

It is still Irish, but its status as a building society is increasingly impermanent, as it is well on the way to becoming a pnblicly quoted company floated on the London and Dublin stock exchanges.

The process is set to move a further step forward today as the pathfinder prospectus is due to be published when the society announces its interim results.

The society's road to conversion illustrates some of the differences between the processes and regulatory regimes in Ireland and in the UK – highlighted also by the agreed cash bid of £1.8bn by Lloyds Bank for Cheltenham & Gloucester Building Society.

For example, Irish Permanent appears to have benefited from some flexibility in enabling its customers to benefit from free shares.

After savers and borrowers qualified to vote had approved a single resolution to convert from mutual status in March, savers were able to vote to make borrowers no longer members of the society: as members no longer, they became eligible for free shares.

No disgruntled borrower has yet suggested that changing C&G's rules to make borrowers no longer members, might enable them to qualify for the cash handout from which the law currently bars them.

But even if the idea were mooted, it is by no means certain that the Building Societies Commission, the sector's statutory regulator, would approve.

The reasons for Irish Permanent's decision to convert are also different from what they might be for a UK society. Alongside the 80m-plus free shares to about 227,000 members, the flotation aims to raise up to I£50m (£49.25m) in new capital through the issue of more than 30m shares.

Mr Roy Douglas, chief executive, has made it clear that it was not regulatory constraints that inclined the society to become a public company – in Ireland unlike the UK the central bank regulates both banks and building societies – but the desire to be able to raise equity capital, in order to compete more effectively with banks.

He has emphasised that Irish Permanent will not actively be seeking acquisitions after conversion, however. Instead it will be looking for a period of consolidation.

Alongside the plans for flotation, it has recently bought Prudential Life of Ireland from Prudential Corporation – the UK's largest life insurer – for just over I£30m cash, and acquired Guinness & Mahon, where the main activity is private banking, for I£6.7m.

Irish Permanent has a strong position in the Irish mortgage market, but the picture is not entirely cloudless.

For example, its cost/income ratio, though declining, is still the highest in the industry in Ireland at just over 60 per cent.

And though it benefits from the fact that it is quite hard to win access to the Irish mortgage market, there are signs that growth in this area is expected to be steady, rather than spectacular in the next few years.

CrestaCare healthy at £2.5m

By Richard Wolffe

CrestaCare, the UK's third largest nursing home operator, turned round losses of £1.39m to report pre-tax profits of £2.46m for the six months to June 30.

The group has been re-focused on the core healthcare business by a new management team over the past 18 months. It reported a modest rise in total turnover from £15.2m to £15.7m; turnover from property and other activities fell from £4.7m to £227,000.

Turnover in the long term healthcare operations rose 50 per cent from £10.4m to £15.5m and operating profits from these activities increased from £2.51m to £3.43m.

At the operating level a £157,000 loss was turned into a £3.43m profit in the latest period, partly reflecting the absence of property losses and exceptional costs. Finance costs fell to £961,000 from £1.23m.

CrestaCare's £12.5m acquisition of the Scottish nursing home group ScotCare in July helped to increase the number of beds in operation by 32 per cent to more than 2,800. A further 90 bed facility is under development in Scotland, to be completed by the end of this year.

Mr Andrew Taee, chief executive, said the Scottish acquisition was the beginning of a slow growth outside the company's traditional bases in the North of England, Northern Ireland and the Isle of Man.

"Our future growth will be focused upon strengthening our business within our existing regions, now including Scotland, and the gradual expansion into new geographic regions, particularly the South of England," he said.

He added that the company's future strategy would concentrate on specialist care, such as brain injury and stroke injury, which command higher weekly fees.

Weekly fee rates rose to an average of £297, compared to £295 last year. Average bed occupancy for the first half of the year was 93.3 per cent.

There were earnings per share of 1.1p, after losses of 2p last year. The interim dividend was lifted from 0.25p to 0.26p.

Gearing stood at 22 per cent, including £21.2m of fixed rate debt paying 9.46 per cent.

NEWS DIGEST

J Haggas slips to £2.27m

A decline in pre-tax profits from £2.93m to £2.27m was reported by John Haggas, the worsted spinning and fabrics group, for the year to June 30 despite turnover ahead from £32.8m to £34.1m.

The dividend is being maintained at 3p with e proposed final of 2p. Earnings per share slipped to 6.8p (9.1p).

Record rises 22%

Record Holdings, the Sheffield-based tools maker, lifted pre-tax profits by 22 per cent from £984,000 to £1.2m in the first half of 1994.

Turnover advanced from £13.8m to £15.2m with overseas sales exceeding UK sales for the first time at £7.62m (£6.42m).

The interim dividend is being maintained at 1.15p, payable from earnings per share of 2.22p (1.76p).

BDM climbs 15%

British Data Management, the specialist data management and storage group, raised pre-tax profits by 15 per cent from a restated £4.01m to £4.62m for the year ended June 30. Turnover was ahead 8 per cent at £16.8m.

Interest charges took an increased £705,000 (£224,000) as a result of acquiring two properties previously leased. Earnings per share were 14.1p (restated 13.4p) and a final dividend of 3.75p makes a total of 5.4p (4.75p).

FBD falls to I£5.4m

FBD Holdings, the Doblin-based insurance and financial services group, saw pre-tax profits fall from I£7.3m to I£5.44m (£5.36m) in the first half of 1994.

Underwriting losses fell from I£3.53m to I£233,000. Insurance activities contributed I£4.6m (I£6.6m) after realised losses of I£1.63m (I£2.57m gains) on investments.

Earnings per share dropped to 8.89p (11.25p) and the interim dividend has been stepped up to 2.575p (2.3p).

Vymura maiden

Vymura, the wallcoverings company which came to the market in May, reported pre-tax profits of £1.53m for the first half of 1994 against £1.34m. Turnover advanced from £18.2m to £19.6m.

Earnings per share came out at 4.38p (3.99p).

Owen & Robinson

Owen & Robinson, the jewellery and sports footwear retailer, reduced pre-tax losses from £1.67m to £1.49m in the half year to July 31, on slightly lower turnover of £8.09m, against £8.21m.

Losses per share were cut from 13.94p to 6.06p.

Conrad Ritblat

Conrad Ritblat Sinclair Goldsmith, the estate agents formed by the merger of Conrad Ritblat and Sinclair Goldsmith in May 1993, announced a pre-tax profit of £1.2m for the year to May 31 against a loss of £184,000.

Turnover was £11.6m (£2.7m).

Earnings per share came out at 1.22p, against losses of 1.23p, while a 0.5p (nil) dividend is recommended.

Frank Usher ahead

Frank Usher, the USM-quoted designer and maker of dresses and special occasion wear, raised pre-tax profits by 14 per cent from £1.22m to £1.38m in the year ended May 31. Turnover grew 12 per cent to £19.7m, of whicb exports accounted for £9.44m or 48 per cent.

Earnings per share climbed to 13.1p (11.3p) while a recommended final dividend of 4.5p (3.5p) makes a total of 7p (6p).

EBC falls to £0.36m

A fall in pre-tax profits from £562,000 to £356,000 was announced by EBC Group, the construction and development concern, for the half year to June 30.

Turnover was little changed at £28.2m (£28.4m) but operating profits dropped to £294,000 (£452,000). Earnings per share slipped to 1.8p (3.03p) but the interim dividend is being held at 1.75p.

Parkdean Leisure

In its first interim statement as a public company, Parkdean Leisure, which operates holiday parks in Scotland and East Anglia, announced a reduced pre-tax loss and is paying a 1.9p interim dividend.

The loss for the six months to June 1 – normally a loss-making period as it reflects winter trading – was £537,000 (£812,000), helped by a reduction in interest payments to £86,000 (£373,000) as a result of the placing in October 1993.

Turnover was ahead at £2.73m (£2.52m). Losses per share were 3.6p (18.7p).

Bloomsbury loss cut

Bloomsbury Publishing, the book publishing company floated in June, cut its seasonal pre-tax losses from £563,000 to £478,000 for the first half of 1994.

The company typically trades at a loss in the first half because of its orientation towards the Christmas book market. Turnover for the period grew 30 per cent to £3.13m and losses per share were 1p lower at 6.02p.

Cussins tops £1m

Cussins Property Group, the residential property developer, reported a 68 per cent advance in pre-tax profits from £667,000 to £1.12m for the six months to June 30.

Turnover grew to £11.8m (£9.46m). Earnings came out at 6.3p (4.2p) per share and the interim dividend is raised to 1.4p (1p).

Lopex at £207,000

Lopex, the advertising and marketing services company, improved pre-tax profits from £144,000 to £207,000 in the first half of 1994.

Turnover amounted to £73.1m (£74m). After higher tax and minorities losses per share were 0.37p (0.38p).

About £1.7m will be charged to goodwill in the full-year accounts following sales and closures.

Eyecare Products

Eyecare Prodncts, the consumer goods maker formerly known as Kitty Little, reported reduced pre-tax profits of £6,000 in the first half of 1994, against £54,000.

The figures do not include any contribution from L'Amy, the French sunglasses and spectacles concern, acquired for FFr75.2m (£8.9m) last month. L'Amy made a pre-tax profit of £1.62m (£65,000) in the period, although these figures have not been adjusted for UK accounting standards.

The company intends to focus resources on its core eyewear business and have therefore decided to divest its fragrance and beanty bags operations, which made a net loss of £154,000 (£77,000 profit) in the period.

Group turnover grew from £2.48m to £2.79m. Earnings per share were 0.03p (0.53p) and an unchanged interim dividend of 0.5p has been declared.

Mayborn improves

Mayborn Group, the USM-quoted fabric dyes, baby products and florists' sundries group, lifted pre-tax profits from £1.9m to £2.06m in the six months to June 30.

Turnover advanced to £18.9m (£17.5m). The interim dividend of 2p (1.8p) is payable from earnings of 7p (6.4p) per share.

JO Walker in loss

Losses of £20,000 pre-tax were announced by JO Walker & Co, the importer of timber, wallboards and plywood, for the half year to June 30. There were profits of £162,000 last time.

Turnover improved to £7.8m (£7.17m) and operating profits jumped to £102,000 (£15,000). Losses per share were 2.5p (20.2p earnings).

Mid-States ahead

Second quarter pre-tax profits at Mid-States, the US automotive parts distribntor with e USM quote, increased by 16.8 per cent from £1.7m to £2m.

Turnover for tha three months to June 30 grew to £20.7m (£16.3m); earnings fell to 2.9p (3.1p) per share.

The pre-tax outcome for the half year showed a 25 per cent advance to £3.27m (£2.61m). Turnover for the period totalled £36.8m (£30.9m). Earnings emerged at 4.8p (4.5p). There is no interim dividend this time against 0.75p in 1993.

Second Alliance

The Second Alliance Trust had a net asset value of £17.40 per share at July 31 against £16.40 e year earlier. At the January 31 half year end the value was £18.95.

Net revenue for the year rose to £8.18m (£7.66m). Earnings per share amounted to 42.49p (39.74p) and the dividend is raised to 42p (39p) via a recommended final of 29p (26.5p).

Merchants Trust

Net asset value at the Merchants Trust improved from 256.9p to 259.4p over the 12 months to July 31, however it was lower than the 302.9p at the January 31 year end.

Net ravenue for the six months to the end of July was £6.47m (£6.34m) for earnings per share of 6.32p (6.2p). A second interim dividend of 2.85p is being paid to make 5.7p (5.3p) to date.

Acquisitions bolster Trinity International

By Raymond Snoddy

First profits from recent acquisitions and gradually rising advertising revenues helped Trinity International, the newspaper publishing group, to a pre-tax outcome of £10.9m for the six months to June 25.

This represented an increase of 15.9 per cent on the £9.44m reported for the 1993 first half, although the company conceded that UK margins fell slightly as a result of the acquisitions in November of Huddersfield Newspapers and the Argus weekly titles in the south-east of England.

Turnover grew by 24 per cent from £64.7m to £80.2m, bolstered by a £14.6m contribution from the acquisitions. Earnings per share were up 18.5 per cent to 10.9p (9.2p).

Mr Philip Graf, Trinity's chief executive, said there had been a strong performance by the company's UK and Canadian businesses, but the US results had been adversely affected by the worst weather in the north-east for four years.

The vast majority of Trinity's titles in the UK had been unaffected by the national newspaper price war, he said. The Daily Post in Liverpool had, however, lost about 5 per cent of its circulation, taking sales back to 75,000 for the January to June period – levels last reached in 1990.

There were early signs, however, that the 5 per cent loss was a one-off, and that circulation on the Liverpool daily was beginning to rise again.

"Although we anticipate a continuation of the national newspapers' cover price war throughout the second half of the year, we believe the overall effect will be small," Mr Graf said.

Trinity has set an interim dividend of 3.3p, an increase of 10 per cent, and said yesterday gearing had dropped from 50 per cent at the end of December to 44.3 per cent.

Mr Graf said that advertising volumes were growing, but there were clear differences by category and by area of the company, although job advertisements were strong.

"The second half of the year has begun satisfactorily. Our full-year performance should reflect further good progress in many areas," Mr Graf added.

Mr Derek Terrington, media analyst at stockbrokers Kleinwort Benson, said yesterday he expected full year pre-tax profits of £23.5m.

The Trinity share price rose 1p to 415p.

Restructured Perkins Foods static at £10.1m

By David Blackwell

Perkins Foods, which has been restructuring its business, reported static pre-tax profits of £10.1m for the six months to June 30, while turnover edged ahead from £199m to £201m.

However, sales from continuing businesses were 9 per cent higher at £194m (£177m), yielding operating profits up 3 per cent at £11.8m (£11.4m).

Mr Howard Phillips, chief executive, said the results had benefited from a strong performance by the fresh produce division, and by increasing volumes. The group makes 80 per cent of its sales in Europe.

During the half the group closed its loss-making UK frozen vegetables business and reorganised its canned mushrooms arm. In July it completed the restructuring into three divisions with the disposal of the UK catering meats business.

The fresh produce side, which supplies Dutch supermarkets with off-season imported fruit and vegetables, saw volume growth of 12 per cent. Operating profits rose from £4.07m to £4.9m, and turnover increased from £79.9m to £89.2m.

The frozen foods division, which now accounts for half of group business, lifted sales from £76.5m to £81.4m, yielding operating profits of £7.14m (£7.11m). Operating margins were under pressure, dipping from 9.3 per cent to 8.8 per cent – still good margins for the sector, Mr Phillips said.

Operating profits in the chilled foods division fell from £2.29m to £2.08m as margins declined from 11 to 8.9 per cent. However, sales were ahead at £22.9m (£20.8m). The fall reflected a 10 per cent rise in turkey prices, which had proved difficult to recover, said Mr Phillips. But there was strong demand for chilled foods in Holland, which accounts for 65 per cent of the division's sales.

Net interest payable was slightly lower at £1.32m (£1.33m). Earnings per share eased from 4p to 3.9p, or from 4.3p to 4.2p fully diluted. The interim dividend is unchanged at 1.75p.

Enlarged Claremont 18% ahead at £5.22m

By Peter Pearse

Claremont Garments (Holdings), the clothing manufacturer which took over Magellan Industries in April, lifted pre-tax profits by 18 per cent from £4.42m in the 26 weeks to June 26 1993 to £5.22m in the 27 weeks to July 2 this year.

The £43.3m all-paper takeover brought together two of Marks and Spencer's leading suppliers and added lingerie and swimwear to Claremont's other womenswear activities.

More than 90 per cent of Claremont's production is derived from the UK, and the group supplies about 11 per cent of M&S' clothing stock.

Group turnover grew 34 per cent to £62.8m (£47.1m), including £12m from Magellan and Bellrise Fashions, the Next supplier bought for £1.9m cash.

Operating profits rose to £5.51m (£4.6m), including a £577,000 (nil) contribution from the acquisitions.

Mr Peter Wiegand, chairman, stressed there was no slippage in margins in the "old" Claremont, and there would be margin improvement in the second half.

Mr David McGarvey, managing director, said that due to problems of production planning at Magellan, there had previously been 25 per cent of capacity lost.

But now Claremont management and systems had been introduced – prior to the autumn selling season – production slippage was down to 10 per cent and like-for-like turnover had risen 25 per cent. In 1993, Magellan incurred pre-tax losses of £1.26m (£511,000) on turnover flat at £36.9m.

Mr Wiegand reckoned there would be overhead savings of about £800,000 in the second half from the integration of Magellan, "with more to come".

Earnings rose to 7.8p (7.3p) basic and to 7.5p (7.1p) fully diluted. The interim dividend is lifted to 4p (3.6p).

The shares closed down 10p at 305p.

Building a platform for growth

James Buxton on the driving force behind the rise of Stagecoach

Stagecoach, the biggest company to emerge from the privatisation of the UK bus industry, moved up a gear last week. It acquired two of the 10 companies which run London's red buses, boosting its turnover by a fifth.

With the £25.3m purchase of East London Bus and Coach, and South East London and Kent (Selkent), it now controls 11.5 per cent of the UK bus market and has a springboard to bid for more London routes.

However its ambitions do not stop there. It expects the next 12 months to produce opportunities for expansion that may never be repeated. As the reshaping of the bus industry continues, more investors in bus company management buy-outs and employee share ownership plans are likely to seek a way out.

To cope with expansion Mr Brian Souter, who founded Stagecoach in 1980 with his sister Mrs Ann Gloag, now concentrates on acquisitions, as does Mr Derek Scott, the finance director.

Last Friday Mr Souter told shareholders at Stagecoach's AGM in Perth that it was targeting "a mix of companies, some of which are underperforming and less expensive to purchase, but with great potential for profit improvement."

Stagecoach, which came to the market last year, is the product of the Tory government's bus policies. It exploited the deregulation of routes, and then the break up and privatisation of the National Bus Group and the Scottish Bus Group. It also has companies in Kenya, Malawi and New Zealand.

It now owns 20 provincial bus units throughout the country. Turnover last year was £191m, including acquisitions, and pre-tax profits rose 46 per cent to £18.9m.

It has successfully combined buying and absorbing a stream of companies with running a far-flung empire. According to Mr Peter Huntley, a transport consultant with the TAS Partnership, it has "developed a strategy for running bus companies that is head and shoulders above those of the other private groups".

This is because Stagecoach was never a traditional bus company and "never inherited any cultural baggage" from the state sector, he says. "You only have to compare its head office [employing 30 people in a small house in Perth] with the marble halls of some of the other companies."

Trevor Humphries

Brian Souter: seeks companies with profit improvement potential

When Stagecoach makes an acquisition, it has bought seven bus companies in the 17 months since its flotation, the new subsidiary is put under the control of one of three main board executive directors, including Mr Souter. They carry out a standard reorganisation procedure which focuses on four areas.

Overheads: "Most of the companies we take over have extra tiers of management left over from when they were publicly owned," says Mr Souter. Stagecoach cuts them down to four levels above the bus driver or fitter: the main board, the board of the subsidiary (one for each region), the four-person team running the business, and the depot manager.

The new management make up the acronym TEAM: a traffic manager, an engineering director, an accountant and the managing director.

The acquired company is likely to be streamlined. At Western Travel, the £33m turnover group bought last year which operates in Gloucestershire, Warwickshire and South Wales, 12 separate companies were merged into three.

Purchasing: Stagecoach achieves immediate cost savings of 1.5 per cent because of its superior purchasing power on spare parts, tyres and engine components.

The fleet may be renewed. Stagecoach has bought 650 new buses since 1992 and ordered another 680. New buses, built by Walter Alexander in Falkirk using chassis from Volvo and Trinity, yield big savings being more reliable and requiring fewer spare parts.

The average age of a Stagecoach fleet is 7.6 years compared with the industry average of 11.

Productivity: If labour relations are unsatisfactory the company seeks a consolidated agreement with the unions. What Mr Souter calls "Spanish customs" are eliminated or bought out.

Improving the networks: "It can take two years to put a network right if the previous management has messed it up," says Mr Souter. "That can happen if they continually responded to what the competition was doing and eroded the loyalty of existing passengers."

Once the network has been sorted out, new services can be developed. Fife Scottish introduced a hub and spoke system on its links between Fife and Edinburgh, Glasgow and Dundee, and has achieved 40 per cent revenue growth.

"Stagecoach is achieving genuine organic growth, which is rare among the new companies in what is, overall, a declining industry," says Mr Huntley.

Mr Souter says there was organic growth in nine subsidiaries last year. Stagecoach is now lifting its target operating margin for its original subsidiaries from 15 to 18 per cent.

The company wants existing managers to implement changes so that they "own" them. Though some senior executives in a subsidiary may leave on takeover, Stagecoach has consistently unlocked the potential of people in lesser positions after it moves in. Once the new subsidiaries have been restructured they are treated as autonomous provided they conform to standardised budgetary controls.

Its opportunities for expansion in the UK will tail off when the bus industry settles down, though it aims to achieve UK turnover of £500m. With the London purchases it will exceed £360m on an annualised basis.

And the Office of Fair Trading is unlikely to tolerate Stagecoach having more than a quarter of the UK bus market. But that would still allow it to double its present UK turnover. Mr Souter talks of Stagecoach having a global turnover of £1bn by 2000.

Stagecoach's subsidiaries are already the frequent subject of OFT investigations, mainly over alleged unfair competition on routes. But Mr Souter says the investigations generally concern very small parts of the group's business, and receive disproportionate publicity because the OFT announces them to the Stock Exchange.

When UK growth slows Stagecoach will turn more attention to expansion overseas. The overseas subsidiaries, managed by Mrs Gloag, only make a small contribution to profits but Mr Souter points out that they were mostly acquired very cheaply and sees immense opportunities for expansion as privatisation spreads.

IBC surges to £4.94m in first half

International Business Communications, the publishing, conference, and data services group, announced interim pre-tax profits ahead at £4.94m against £1.37m.

Most of the improvement came from conference operations, but the pre-tax figure for the six months to June 30 was also helped by a reduction in interest charges to £485,000 (£1.09m) following a capital reconstruction last June; the comparable period also carried a non-continuing debenture interest charge of £1.16m.

Turnover rose from £29.1m to £38.4m.

"The performance has undoubtedly been enhanced by better trading conditions," said Lord Rees-Mogg, chairman. "Additionally, the release from the shackles imposed by the previous debt structure has allowed more freedom to progress."

Earnings per share were 10.1p (7.1p). There is an interim dividend of 1.5p (nil).

Increased customer spending lifts Wyevale

By Simon Davies

Wyevale Garden Centres, the UK's largest garden centre company, saw a fall in the number of customers to its 41 garden centres during the first half of 1994, but increased customer spending helped boost profits.

Pre-tax profits rose 82 per cent from £3.71m to £6.75m, but the figure was distorted by the £2.9m profit from the sale of Homelands Retail Park.

There was a £340,000 exceptional charge, for payments to the chairman and a director, who retired during the first half.

Wyevale has maintained pressure on its suppliers, and it improved its operating profit margins from 17.6 per cent to 18.4 per cent, in spite of a competitive retail pricing environment.

Operating profit before interest and exceptional items rose by 5 per cent to £4.34m (£4.12m), on a 3 per cent increase in turnover to £22.7m (£22m).

The average spend per customer increased by more than 4 per cent to £10.50, and while customer numbers fell about 1 per cent during the period, the company said there were already signs of recovery.

Following the November rights issue, Wyevale will have net cash of about £5.5m, in spite of £3.92m invested in the purchases of centres in York, Bristol and Middlesex, and the cost of redeveloping its centre at Marple, Greater Manchester.

The Bristol and Middlesex centres will make a maiden contribution in the second half of the year.

Mr John Rudgard, chairman, said: "our strategy of broadening our retailing base will provide a framework for sustained future growth so despite the continued economic uncertainty, we remain confident of our future prospects."

The company is paying an interim dividend of 2.93p (2.75p). Earnings per share, adjusted for exceptional items, fell from 8p to 7.5p, due to the rights issue.

Chubb Security sells French lossmaker

Chubb Security, the electronic alarm and locks group, has sold its lossmaking French alarm business, Chubb Securite, to its French rival, Ecco Securite, for FrF26m (£3.2m), writes Richard Wolffe.

The sale is part of a long-term strategy to shed unprofitable companies and target markets in east Asia and Australia.

Chubb Securite, which had an annual turnover of about FrF60m last year, is understood to have incurred in the region of FrF3m for the year to end-March.

Chubb is halfway through a four-year plan to raise its share of the £7bn world security market from 9.5 to 11.5 per cent.

London and M'chester raises pay-out

By Alison Smith

London and Manchester Group, the life assurance and financial services group, yesterday increased its interim dividend by 9.4 per cent from 5.12p to 5.6p for the first half of 1994.

A sharp fall in in new managed fund investments left premium income down from £220.6m to £171.0m. In other respects, premium income was generally flat.

Mr Martin Jackson, group finance director, said that the dividend level was not directly related to premium income on a year-by-year basis.

He said that new business was at least in line with industry trends, and on a longer-term basis the group was able to show that it could afford the transfer to the shareholders out of the life fund.

L&M is the only insurer which the Department of Trade and Industry allows to distribute part of the long-term investment return on the shareholders' interest in the life fund.

New managed fund business fell to £35.2m (£84.7m) after the company's investment performance had slipped from the high levels achieved in 1992 and 1993.

There was a slight fall to £3.6m (£3.7m) in annual premiums collected through the industrial branch business, where premiums are collected weekly from customers' homes, but this was less than the sharper fall in this area experienced by the life insurance industry as a whole.

L&M said there were signs that the volume of business could be built up from these levels.

Within the consumer finance arm, levels of new unsecured lending were significantly ahead of the first half of 1993 and hire purchase lending had been buoyant.

The estate agency, including four firms and 85 offices, increased its number of house sales by 3 per cent and was the most productive appointed representative of the life company.

Mortgage arrears showed continuing improvement, with a significant reduction in the proportion of serious arrears.

Kingfisher offshoots turn in mixed performance

By Neil Buckley

The increase in interim pre-tax profits from £82m to £88.1m at Kingfisher masked a mixed performance from the retailing group's chains.

The biggest surprise was Woolworths' fall from a £2.1m profit to a £6.9m loss, after suffering from the downturn in computer games sales, which left it with excess stock which had to be heavily marked down to clear. There was also a new £3.5m depreciation charge on checkout scanning equipment, and £1.7m redundancy costs following restructuring.

Comet also fell from a £0.7m profit into a £1.7m loss, hit by higher expansion costs, and increased rents on out-of-town sites. New opening costs in Kingfisher's smaller chains, including Music and Video Club, and the office superstore chain Staples, resulted in a £2.2m loss (£0.3m profit).

Other chains performed better. Darty, the French electrical retailer which made a full first-half contribution for the first time, made operating profits of £35.7m, and held margins and increased sales in a shrinking French market.

The B&Q DIY chain lifted operating profits to £44.5m (£41.6m), although sales growth was slower than last year. Superdrug, the chemists chain, also lifted operating profits from £12.8m to £14m. Chartwell Land, the property division, increased investment income from £19.5m to £23.1m.

FT-SE Actuaries classification changes

The FT-SE Actuaries Industry Classification has agreed the following changes to constituent companies' classifications, effective from October 3: AAF Industries to Building & Construction (FT-A group 210) from Vehicle Components & Assemblies (270); Azlan Group to Computer Services (487) from Distributors of Industrial Components & Equipment (412); Bruntcliffe Aggregates to Building Materials (222) from Other Mineral Extractors & Mines (125); Carlisle Group to Property Agencies (794) from Financial, Other (772); DCC to Diversified Industrials (240) from Distributors, Other (414); Dunton Group to Property (792) from Building & Construction (210); Inspirations to Leisure (422) from Transport (490); Manders to Chemicals, Speciality (234) from Chemicals, Commodity (232); Porter Chadburn to Paper & Packaging (282) from Diversified Industrials (240); Protean to Instruments, Tools & Mechanical Handling Equipment (269) from Engineering, Contractors (264); Robert Wiseman Dairies to Food Manufacturers (330) from Retailers & Wholesalers, Food (440); Sherwood Computer Services to Computer Services (487) from Business Support Services (481); Simon Engineering to Engineering, Diversified (265) from Distributors, Other (414); Villiers Group to Engineering, Diversified (265) from Oil Exploration & Production (162).

COMMODITIES AND AGRICULTURE

Lac loses fight for zinc-lead venture

By Kenneth Gooding, Mining Correspondent

A court battle between three big mining companies for control of the Lisheen project in County Tipperary, Ireland, the second-largest zinc-lead deposit in Europe, ended yesterday with defeat for the Canadian group Lac Minerals.

This leaves the way clear for Ivernia West, a "junior" Irish exploration company, to take control of the project. Ivernia's two biggest shareholders, each with 24.5 per cent, are Minorco, the offshore arm of the Anglo American-De Beers group of South Africa, and Outokumpu, the state-owned Finnish group.

Mr David Hough, Ivernia's managing director, said last night that he hoped his company could now turn away from the courts and concentrate on getting a mine into operation. It might be possible to start production towards the end of 1997, eventually achieving an annual output of about 200,000 tonnes of zinc and 30,000 tonnes of lead in concentrate.

Tha dispute arose becausa Chevron, like many other international oil companies, is divesting itself of its mining interests and wants to dispose of its stake in the Lisheen venture. It agreed in September 1992 to sell to Lac, one of Canada's biggest gold producars, which also had ambitions to become established in base metals mining. But Ivernia West, which owns the minority interest in Lisheen, claimed in have pre-emptive rights ovar Chevron's 52.5 per cent.

This claim was tested in tha Irish High Court and Lac said yesterday that the court had ruled against it and said that Ivernia West did have pre-emptive rights.

Lac said it would study the High Court judgment before deciding on any further action. An appeal is possibile, but Lac was recently taken over by American Barrick Resources, North America's biggest gold producer, and snalysts said Barrick waa unlikely to be interested in pursuing a zinc-lead venture.

Minorco soma tima ago agreed to provide Ivernia with \$72m (£46.4m) to buy Chevron's share of Lisheen and for Ivernia to sell 50 per cent of the ore body to Minorco in return for cancellation of the loan.

LME WAREHOUSE STOCKS
(As at Monday's close) tonnes

Aluminium	-11,800	to 2,401,550
Aluminium alloy	+40	to 25,760
Copper	+675	to 370,075
Lead	+3,400	to 389,175
Nickel	+750	to 141,618
Zinc	-50	to 1,238,900
Tin	-35	to 31,880

Healthy growth ahead for rice trade

The opening of Japanese and Korean markets has raised forecasts, says John Madeley

The growth in world rice trade is likely to be "significantly higber" than expected as a result of the successful conclnsion to the Uruguay Round world trade talks, the UN's Food and Agriculture Organisation (FAO) predicts.

Before the outcome of the Gatt Uruguay Round, the FAO predicted a growth in world rice trade of 3 per cent s year to 17.1m tonnes by 2000.

But as a result of the talks, Japan will allow rice imports from next year, beginning with an import volume equivalent to 4 per cent of domestic consumption, rising to 8 per cent by 2000. South Korea will allow imports of 1 per cent of domestic consumption, rising to 4 per cent in 10 years.

The FAO predicts "some significant structural changes" in the export market by 2000, especially in the Far East.

Thailand, the world's largest rice exporter, is expected to maintain its position, but Vietnam is forecast to replace the United States as the world's second-largest exporter by 2000. Bangladesh, which is now self-sufficient in rice, is expected to be among the top 10 rice exporting countries by 2000.

China and India are expected to continue to be major rice exporters and importers, although India may emerge as the larger net exporter.

The FAO also predicts considerable variations in prices over the next six years, with internationsl prices "moderately higher" in real terms.

At its 18th session in Rome last week, the International Rice Commission was told that lower GDP growth in the Middle East would reeult in increased imports of medium quality at the expense of higher quality rice. Africa is likely to import more medium qnality and contribute to strengthening demand and possibly higher prices.

In Europe and North America the increase in demand will be mainly for higher quality rice. Imports into the US and Canada of fragrant rice from Asia have escalated "and this trend is expected to continue," Chan Ling Yap, FAO rice specialist, told the commission.

Rice imports into the US had grown to about 10 times the level of tha early 1980s, she said, but the US remained the world's second largest rice exporter.

Demand for lower quality rice may fall in the next few years, although in many exporting countries, more of this rice type is being used for feed, leaving less for the export market.

World output of rice is predicted to grow st 2 per cent a year to 409m tonnes by 2000, and demand for milled rice at about the same rate. About 90 per cent would be for food and the remainder for feed, seed and industrial use.

"New technologies of milling, sorting and packaging will have to be put into place" to meet the projected increase in demand for higher quality rice, said Chan Ling Ysp. "The increased sophistication of the rice market opens up new investment opportunities."

But the FAO warns that although the growth in world rice supply and demand seems likely to be balanced in 2000, "the problem of hunger" will remain. Higher prices could lead to some countries, especially in Africa, cutting back on rice imports. This, together with cuts in food subsidies planned by some countries, "could worsen access to rice by the poor".

However, higher world rice prices would re-emphasise "the importance of raising domestic production," the FAO says, while international financial institutions that have previously considered investment in rice uneconomic could find the commodity more attractive.

Car industry issues aluminium warning

The use of aluminium in European car manufacturing should only grow slightly in coming years because of price volatility and competition from steel, said Mr Patrice Natier, general manager of Sogedac, the purchasing arm of the Peugeot Citroen group, *Reuter reports from Paris.*

"Aluminium's share of the European car market is likely to remain relatively close to current levels, at least for the next four or five years," Mr Natier told a Metal Bulletin conference.

Mr Natier cited "erratic fluctuations in aluminium prices" as one of the main obstacles to an increased use of aluminium in the European car industry. "Everyone in the car industry is looking for more stable aluminium prices to be able to make the right long-term decisions," he said.

"If aluminium prices return to \$1,800-2,000 per tonne, this is likely to put a strong hold on aluminium use in the car industry," he added.

He called for co-operation between the car industry and aluminium producers for "fixing purchasing contracts unconnected to short-term developments in market prices".

Mr Natier predicted that over the next 10 years, aluminium's share of total vehicle weight would increase from 6 per cent to around 10 per cent, or from 60kg to 100-110kg.

Only government regulations limiting fuel consumption could boost the use of aluminium in the European car industry, he said.

MARKET REPORT

Metals fall back after early surge

Copper and aluminium looked set to sail through technical resistance levels and on to their next price targets in early trading on the London Metal Exchange yesterday, but they failed to follow through this early show of strength. Copper broke above resistance near \$2,520 a tonne and then burst up to \$2,533 – a move which traders thought would carry it up to this year's high of \$2,557. But caution set in and the last kerb (after hours) business was at \$2,512, the day's low and \$4 down from Monday. Aluminium, despite an 11,800-tonne fall in LME stocks, failed to test \$1,600 a tonne. Business was seen down to \$1,583 before last trading at \$1,586, down \$6.

Compiled from Reuters

Winter crops hit by Australian drought

By Nikki Tait in Sydney

A severe drought in Australia's eastern states has caused the country's Bureau of Agriculture and Resource Economics to cut its forecast for winter crop production to 16.6m tonnes, down from an estimated 28.2m tonnes in 1993-94.

Wheat production alone is forecast to fall by 38 per cent to 10.4m tonnes. The bulk of this production will come from Western Australia, "the third successive year that wheat production in WA will be around 6m tonnes, which is near-record production," the bureau said.

By contrast, the area sown to wheat in New South Wales is expected to be about half that planted in 1993-94.

Total production in NSW is expected to be about 1m tonnes – less than 20 per cent of the 1993-94 figure.

Queensland, where the drought is into its fourth year, is forecast to produce only 230,000 tonnes. In a "normal" year, Queensland's wheat production is around 1.5m tonnes.

The bureau acknowledged that the drought was likely to have "an important impact on wheat exports", but said that the drop in production would not be reflected in the fall in exports because of stocks carried over from 1993-94.

Wheat is not the only crop seriously affected by drought. In its latest quarterly crop forecast, the bureau predicts that barley production will halve from last year's record levels to 3.4m tonnes.

Cotton production is also likely to be hit for the third year in a row. Plantings take place between September and December, but given meteorologists' forecasts, ABARE says it expects only 223,000 hectares to be planted to cotton, 42,000 hectares less than the area harvested in 1993-94.

The bureau says yields will probably be down too because of a shortage of irrigation water.

Jamaica acts to contain spread of livestock pest

By Canute James in Kingston

Hundreds of thousands of infertile screw-worm – a type of fly which has been devastating cattle and other livestock in the Caribbean – are to be released from aircraft over Jamaica.

The project is being supported by the UN Food and Agriculture Organisation (FAO) in an effort to contain the spread of the pest through the region.

The flies being released are the sterile version of the New World screw-worm, which is attacking cattle in Jamaica and has also been detected in other parts of the Caribbean – mainly Cuba, Haiti, the Dominican Republic and Trinidad and Tobago.

About 86 per cent of the Caribbean region has been found to be infested with the screw-worm, according to the FAO.

The project involves the continuous release of infertile insects which will mate but produce no offspring, leading to the progressive reduction and eventual total collapse of the screw-worm population, the FAO said.

The Caribbean project, to be funded by regional governments as well as the FAO, is expected to cost about \$20m (£12.9m). The Caribbean islands are hoping for success similar to that achieved in Libya four years sgo, when the introduction of sterile screw-worms eradicated the fly in two years before it could spread and devastate livestock throughout the continent.

Sterile flies will be released over all but 10 per cent of Jamaica's 11,424 sq km. The flies are produced in a laboratory on the border between Mexico and the United States and have been tested in parts of the US, Puerto Rico, Curacao and the Virgin Islands.

In 1960, the cost of the screw-worm infestation in the United States was estimated at \$100m a year. Clearing Mexico and the southern United States of the pest took more than 20 years and cost nearly \$700m.

Regional scientists say that one problem in dealing with the New World screw-worm is the ease with which it can be spread by animals as well as by humans. A country can be infested by the presence of the fly in one animal or human.

Although quarantine regulations reduce the chances of infestation by animals crossing borders, no such arrangements have been made for humans crossing from infested areas.

There have been hundreds of documented cases of human infestation by screw-worm in South America, including some deaths. Caribbean governments have been advised that a strengthening of quarantine regulations will be necessary to prevent the spread of the fly, although scientists say it is also likely that the pest could be spread by wind.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Cash	3 mths
Close	1564-5	1588-9
Previous	1568-9	1591.5-2.5
High/low		1597/1584
AM Official	1566-6.5	1589-9.5
Kerb close		1586-7
Open int.	273,636	
Total daily turnover	42,444	

■ ALUMINIUM ALLOY (\$ per tonne)

Close	1545-55	1570-80
Previous	1570-5	1588-90
High/low		1590/1580
AM Official	1555-8	1584-6
Kerb close		1570-80
Open int.	2,956	
Total daily turnover	771	

■ LEAD (\$ per tonne)

Close	616-7	626-7
Previous	611-2	622.5-3
High/low	621	631/623
AM Official	620.5-1	628.5-9
Kerb close		623-4
Open int.	41,113	
Total daily turnover	12,360	

■ NICKEL (\$ per tonne)

Close	6465-75	6565-70
Previous	6480-5	6575-80
High/low		6660/6530
AM Official	6450-2	6550-1
Kerb close		6555-60
Open int.	51,269	
Total daily turnover	33,267	

■ TIN (\$ per tonne)

Close	5280-90	5360-70
Previous	5315-25	5390-400
High/low		5390/5360
AM Official	5288-93	5365-6
Kerb close		5350-60
Open int.	16,986	
Total daily turnover	3,711	

■ ZINC, special high grade (\$ per tonne)

Close	982-3	1005.5-6
Previous	972.5-3.5	995-6
High/low	975	1006/998
AM Official	975-5.5	998-9
Kerb close		999-1000
Open int.	95,722	
Total daily turnover	20,821	

■ COPPER, grade A (\$ per tonne)

Close	2503-4	2518-9
Previous	2497.5-8.5	2514-5
High/low	2515/2513	2534/2512
AM Official	2514.5-5.5	2528-9
Kerb close		2511-2
Open int.	215,194	
Total daily turnover	55,760	

■ LME AM Official £/\$ rate: 1.5682
LME Closing £/\$ rate: 1.5620

Spot 1.5625 3 mths: 1.5597 6 mths: 1.5567 9 mths: 1.5517

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Sep	119.65	-1.45	121.40	119.40	5,072	988
Oct	116.15	-1.50	117.65	116.10	1,480	319
Nov	115.65	-1.40	117.00	116.00	694	68
Dec	115.35	-1.50	116.95	115.00	39,409	1,537
Jan	114.90	-1.45	116.50	116.50	547	20
Feb	114.45	-1.40	115.20	114.40	426	78
Total					55,734	3,811

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	\$ price	£ equiv.
Close	388.50-388.90	
Opening	390.60-391.00	
Morning fix	390.45	249.043
Afternoon fix	389.60	248.946
Day's High	390.80-391.20	
Day's Low	389.10-389.50	
Previous close	391.20-391.60	

Loco Ldn Mean Gold Lending Rates (Vs US\$)

1 month	4.37	6 months	4.58
2 months	4.38	12 months	4.98
3 months	4.42		

Silver Fix	p/troy oz.	US cts equiv.
Spot	347.75	545.60
3 months	352.45	552.10
6 months	357.55	559.05
1 year	370.55	575.75

Gold Coins	\$ price	£ equiv.
Krugerrand	394-397	255-258
Maple Leaf	400.35-402.90	-
New Sovereign	91-94	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; \$/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Sep	390.6	-0.3	-	-	-	-
Oct	391.5	-0.4	391.7	390.0	8,888	1,139
Nov	393.0	-0.4	-	-	-	-
Dec	394.5	-0.4	395.1	393.0	92,306	18,849
Feb	397.8	-0.4	398.1	396.4	13,599	315
Apr	401.1	-0.4	401.1	399.8	6,794	6
Total					160,472	20,461

■ PLATINUM NYMEX (50 Troy oz.; \$/troy oz.)

Oct	418.1	-0.8	419.5	415.6	15,141	2,200
Jan	422.2	-0.7	422.5	419.5	7,840	174
Apr	425.5	-0.7	426.0	425.5	2,081	28
Jul	429.0	-0.7	-	-	463	2
Oct	431.7	-0.7	-	-	227	-
Total					25,752	2,402

■ PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)

Sep	148.25	-0.70	148.50	148.50	122	59
Dec	149.85	-0.10	150.30	148.75	5,771	2,271
Mar	150.60	-0.10	150.50	149.00	975	3
Jun	151.60	-0.10	152.00	152.00	151	100
Total					7,018	2,433

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Sep	546.2	-1.0	548.0	541.0	601	379
Oct	548.0	-1.0	-	-	7	-
Nov	550.0	-1.0	-	-	-	-
Dec	552.5	-1.0	555.0	547.0	83,257	1,0897
Jan	554.9	-1.0	555.0	555.0	58	-
Mar	560.7	-0.9	563.0	555.0	9,090	470
Total					108,618	11,856

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. \$/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	17.11	-0.28	17.46	17.10	60,534	33,447
Nov	17.32	-0.24	17.62	17.31	74,338	19,608
Dec	17.52	-0.23	17.80	17.52	52,480	14,409
Jan	17.70	-0.11	17.86	17.66	35,978	6,124
Feb	17.75	-0.10	17.91	17.75	20,985	4,280
Mar	17.80	-0.08	17.97	17.80	14,721	977
Total					398,619	85,561

■ CRUDE OIL IPE (\$/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	15.67	-0.25	16.18	15.84	59,846	10,203
Nov	16.09	-0.23	16.38	16.04	53,873	15,763
Dec	16.28	-0.25	16.54	16.23	26,442	3,056
Jan	16.37	-0.27	16.61	16.37	11,267	492
Feb	16.42	-0.22	16.65	16.42	5,375	30
Mar	16.45	-0.09	16.68	16.45	5,837	200
Total					169,703	37,473

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	48.15	-0.82	49.30	48.10	38,060	9,817
Nov	49.30	-0.70	50.25	49.25	21,905	3,121
Dec	50.35	-0.72	51.10	50.30	39,922	3,742
Jan	51.30	-0.52	51.85	51.30	23,111	2,050
Feb	51.75	-0.42	52.25	51.75	11,351	1,511
Mar	51.50	-0.12	51.70	51.40	8,915	613
Total					198,505	21,449

■ GAS OIL IPE (\$/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	150.25	-3.00	152.75	150.00	1,444	7,650
Nov	153.00	-3.00	155.50	152.75	37,191	4,665
Dec	155.25	-3.00	157.75	155.00	14,352	1,609
Jan	157.25	-2.50	159.25	156.75	17,921	1,665
Feb	157.75	-2.50	159.50	158.00	12,553	179
Mar	157.75	-2.50	158.75	157.50	4,683	520
Total					98,217	16,247

■ NATURAL GAS NYMEX (10,000 mmBtu.; \$/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	1.666	-0.022	1.710	1.660	29,493	13,591
Nov	1.910	-0.017	1.950	1.905	22,161	5,458
Dec	2.110	-0.015	2.145	2.100	27,024	2,978
Jan	2.140	-0.010	2.160	2.130	15,031	928
Feb	2.085	-0.007	2.082	2.070	12,417	1,095
Mar	2.020	-0.005	2.025	2.015	8,497	469
Total					159,630	28,413

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	46.20	-0.92	47.10	46.10	25,147	11,739
Nov	46.50	-1.00	47.30	46.40	16,381	5,251
Dec	54.20	-0.25	54.80	54.20	9,082	1,463
Jan	53.30	-0.15	53.85	53.20	5,105	779
Feb	53.15	+0.05	53.15	53.15	3,486	321
Mar	54.45	-	-	-	707	-
Total					64,082	19,985

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	106.00	-0.25	105.75	105.75	192	5
Nov	107.00	-0.20	107.10	106.75	2,772	145
Jan	109.00	-0.20	109.00	108.75	1,813	43
Mar	111.00	-0.30	111.00	110.75	1,135	31
May	113.00	-0.35	113.00	113.00	1,181	37
Jul	115.70	-	-	-	191	-
Total					7,284	261

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Sep	381/0	+1/0	383/2	379/4	827	383
Dec	395/6	+1/2	398/0	393/4	48,496	10,010
Mar	402/2	+1/0	405/4	400/0	17,394	2,840
May	387/2	+1/2	390/4	386/0	2,300	781
Jul	354/6	-1/6	358/2	353/0	3,439	891
Sep	360/0	-	360/0	356/0	63	16
Total					72,538	15,423

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Sep	224/0	-0/4	224/4	223/0	6,662	2,791
Dec	225/6	-1/0	227/0	224/6	132,432	25,874
Mar	235/0	-1/2	236/4	234/4	33,447	3,237
May	241/2	-1/2	242/4	241/0	13,124	718
Jul	245/0	-1/0	246/6	245/2	12,857	934
Sep	247/4	-0/4	248/4	247/4	983	12
Total					206,070	33,864

■ BARLEY LCE (£ per tonne)

Sep	103.00	-0.60	103.00	103.00	31	5
Nov	104.40	-0.20	104.40	104.35	491	7
Jan	106.50	-0.50	106.50	106.30	342	56
Mar	109.00	-	-	-	79	
May	110.90	-	-	-	21	
Total					964	68

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Sep	583/4	-3/4	588/0	582/0	3,880	1,635
Nov	574/0	-6/2	580/0	572/6	78,599	34,830
Jan	582/6	-5/2	588/0	581/0	15,390	2,829
Mar	591/6	-5/6	597/0	590/4	7,834	1,248
May	598/2	-4/6	604/0	597/4	4,932	475
Jul	603/2	-5/4	603/0	603/0	8,845	975
Total					122,975	42,481

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Sep	26.78	+0.09	26.98	26.64	4,266	2,498
Oct	26.41	-0.02	26.66	26.31	17,585	5,520
Dec	26.03	-0.10	26.38	25.98	40,233	13,305
Jan	25.74	-0.08	26.05	25.68	5,998	501
Mar	25.43	-0.02	25.70	25.35	7,548	1,140
May	25.25	+0.10	25.40	25.10	4,179	405
Total					82,813	23,808

■ SOYABEAN MEAL CBT (100 tons; \$/ton)

Sep	171.2	-1.5	172.6	170.9	5,565	2,080
Oct	168.2	-2.0	169.9	168.1	12,262	4,503
Dec	168.9	-2.3	170.7	168.6	37,921	11,893
Jan	170.1	-2.4	171.9	169.9	8,540	1,222
Mar	173.1	-2.1	174.8	172.8	8,334	970
May	174.5	-1.5	176.0	174.2	4,659	102
Total					80,917	21,206

■ POTATOES LCE (£/tonne)

Nov	150.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	224.0	+5.5	223.0	218.0	1,455	73
May	240.0	-	-	-	-	-
Jun	107.5	-	-	-	-	-
Total					1,455	73

■ FREIGHT (BIFFEX) LCE (\$10/index point)

Sep	1557	-3	1555	1545	452	95
Oct	1565	-3	1565	1565	827	10
Nov	1564	-9	1560	1580	77	2
Jan	1535	-7	1540	1535	587	28
Apr	1540	-10	1535	1530	329	40
Jul	1410	+27	-	-	60	-
Total					2,372	181

	Close	Prev
BFI	1506	1495

Minor Metals
Prices from Metal Bulletin (last week's in brackets).**ANTIMONY:** European free market 99.6%, \$ per tonne, in warehouse, 5,450-5,550 (5,380-5,500).**BISMUTH:** European free market, min. 99.99%, \$ per lb, tonne lots in warehouse, 3.70-4.00.**CADMIUM:** European free market, min. 99.5%, \$ per lb, in warehouse, 125.00-138.00 (125.00-140.00).**COBALT:** MB free market, 99.8%, \$ per lb, in warehouse, 24.50-25.00 (23.80-24.60); 99.3%, \$ per lb, in warehouse, 21.80-22.50 (21.00-21.80).**MERCURY:** European free market, min. 99.99%, \$ per 76 lb flask, in warehouse, 110-130 (110-120).**MOLYBDENUM:** European free market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 3.70-3.80 (3.60-3.65).**SELENIUM:** European free market, min 99.5%, \$ per lb, in warehouse, 3.35-4.55.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	969	+26	949	942	64	10
Dec	996	+10	1000	978	27,903	3,275
Mar	1028	+11	1032	1012	33,355	2,096
May	1043	+14	1045	1025	11,704	197
Jul	1054	+13	1055	1042	5,538	256
Sep	1066	+11	1057	1057	9,220	-
Total					96,930	5,937

■ COCOA CSCE (10 tonnes; \$/tonnes)

Sep	1306	+26	1300	1296	45	4
Dec	1362	+30	1364	1331	42,351	4,916
Mar	1408	+29	1408	1378	13,659	1,549
May	1435	+28	1437	1407	4,009	75
Jul	1463	+28	1458	1434	2,586	108
Sep	1483	+28	1480	1480	1,294	21
Total					72,388	6,894

■ COCOA (ICCO) (SDR's/tonne)

Sep. 12	Price	Prev. day
Daily	1009.52	1023.40

■ COFFEE LCE (\$/tonne)

Sep	4104	+11	4150	4117	2,089	64
Nov	3993	+11	4050	3990	13,030	2,798
Jan	3962	+39	4000	3963	13,326	1,172
Mar	3893	+35	3925	3890	6,613	576
May	3833	+33	3860	3830	1,495	407
Jul	3815	+35	3845	3809	344	344
Total					38,888	5,361

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Sep	217.00	-0.50	218.50	218.50	170	42
Dec	222.20	-1.00	226.45	221.50	23,160	5,978
Mar	226.40	-0.55	229.30	224.50	7,162	773
May	228.40	-0.60	230.00	228.40	3,076	230
Jul	227.40	-0.60	-	-	784	147
Sep	228.40	-0.60	231.00	231.00	361	8
Total					35,202	7,187

■ COFFEE (ICO) (US cents/pound)

Sep. 12	Price	Prev. day
Comp. daily	204.01	200.43
15 day average	192.84	190.65

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Oct	12.70	+0.19	12.67	12.67	1,701	122
Jan	11.82	-	-	-	-	-
Mar	12.68	+0.17	-	-	66	-
Total					1,701	122

■ WHITE SUGAR LCE (\$/tonne)

Oct	334.60	+1.70	334.50	332.00	3,422	1,532
Dec	328.20	+1.50	328.00	326.50	3,409	968
Mar	329.30	+2.70	329.50	326.50	7,048	1,082
May	329.00	+2.30	327.40	327.40	771	74
Aug	327.00	+1.10	327.50	327.20	419	346
Oct	312.30	+2.10	312.00	311.50	243	20
Total					15,312	4,026

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Oct	12.54	+0.24	12.55	12.31	34,848	6,323
Mar	12.47	+0.13	12.49	12.32	78,283	5,764
May	12.40	+0.09	12.41	12.30	12,391	1,622
Jul	12.28	+0.10	12.28	12.17	7,044	686
Oct	22.21	+0.23	12.08	11.99	2,032	30
Mar	11.84	+0.05	11.63	11.59	611	10
Total					135,219	14,625

■ COTTON NYCE (50,000lbs; cents/lbs)

Oct	72.40	+0.43	72.93	70.90	3,256	503
Dec	70.98	+0.35	71.90	69.70	26,426	2,909
Mar	72.30	+0.54	73.00	71.20	9,327	261
May	73.38	+0.56	73.75	72.35	6,021	202
Jul	74.88	+1.36	74.90	73.11	3,492	67
Oct	70.80	+0.13	70.75	70.50	409	11
Total					47,931	3,963

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Sep	86.50	+0.65	85.85	84.50	121	23
Nov	89.05	+0.80	89.50	87.65	11,702	327
Jan	92.60	+0.50	93.30	91.80	5,358	195
Mar	96.50	+0.50	97.15	95.75	3,670	83
May	99.90	+0.65	100.00	98.50	878	2
Jul	102.40	+0.65	102.00	102.00	496	-
Total					22,225	630

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Sep 13	Sep 12	month ago	year ago
2097.1	2089.0	2069.7	1636.4

■ CRB Futures (Base: 1967=100)

Sep 12	Sep 9	month ago	year ago
233.14	232.94	229.44	213.52

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	69.775	+0.025	69.875	69.450	31,973	9,221
Dec	69.200	+0.075	69.300	68.775	18,986	4,685
Feb	67.875	+0.325	68.000	67.550	11,955	1,306
Apr	69.250	-	69.450	69.125	8,247	762
Jun	66.225	-0.025	66.475	66.150	1,928	113
Aug	65.850	-0.150	66.050	65.800	922	21
Total					74,097	16,122

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Oct	38.750	+0.350	38.850	38.400	10,993	1,522
Dec	39.775	+0.150	39.900	39.500	10,930	1,536
Feb	40.000	+0.225	40.200	39.850	3,325	169
Apr	39.375	+0.175	39.425	39.225	2,036	108
Jun	44.500	+0.050	44.500	44.400	647	19
Aug	43.100	-	43.150	43.050	80	6
Total					28,282	3,364

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	41.750	+0.325	41.925	41.200	7,483	2,829
Mar	41.725	+0.450	41.775	41.175	510	159
May	42.300	+0.250	42.550	42.050	91	11
Jul	43.525	+0.275	43.550	43.100	139	44
Aug	42.425	-0.275	42.450	41.600	30	2
Total					8,259	3,043

LONDON TRADED OPTIONS

Strike price \$ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1550	43	87	20	51
1575	29	74	31	62
1600	19	62	46	75
■ COPPER (Grade A) LME	**Oct**	**Jan**	**Oct**	**Jan**
2400	114	153	8	46
2500	46	98	41	89
2600	12	56	107	147
■ COFFEE LCE	**Nov**	**Jan**	**Nov**	**Jan**
3600	440	545	47	183
3650	401	014	58	202
3700	364	485	71	223
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
975	57	104	36	51
1000	44	60	48	62
1060	20	66	60	90
■ BRENT CRUDE IPE	**Oct**	**Nov**	**Oct**	**Nov**
1600	-	-	2	41
1650	3	41	-	62
1700	-	19	-	105

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)		+or-
Dubai	\$16.01-6.03u	-0.37
Brent Blend (dated)	\$15.48-5.50	-0.39
Brent Blend (Nov)	\$16.06-6.09u	-0.37
W.T.I. (1pm est)	\$17.24-7.25u	

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	\$180-183	-3.5
Gas Oil	\$151-152	-3.0
Heavy Fuel Oil	\$72-74	+1.5
Naphtha	\$158-159	-2.0
Jet fuel	\$169-170	-3.0

Petroleum Argus assessments

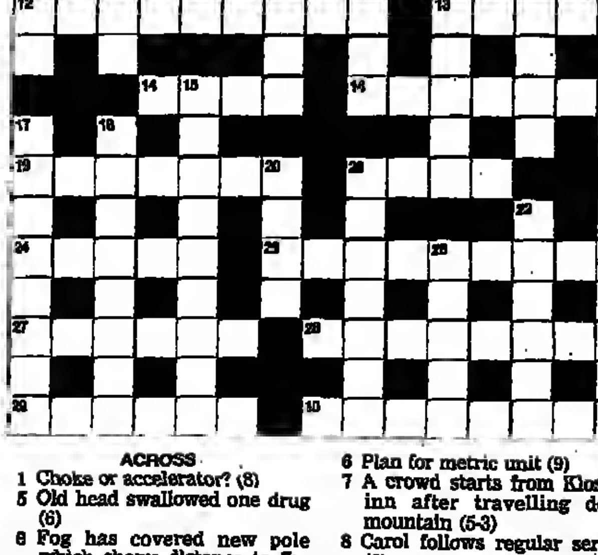
■ OTHER

Gold (per troy oz)♣	\$389.70	-1.70
Silver (per troy oz)♣	545.0c	-3.5
Platinum (per troy oz.)	\$415.25	-4.25
Palladium (per troy oz.)	\$148.50	-3.25
Copper (US prod.)	125.0c	+2.0
Lead (US prod.)	38.25c	
Tin (Kuala Lumpur)	13.30m	-0.22
Tin (New York)	248.5c	+1.0
Cattle (live weight)†©	116.55p	-1.22*
Sheep (live weight)†♠©	87.05p	-1.34*
Pigs (live weight)©	76.49p	-0.37*
Lon. day sugar (raw)	\$306.10	+2.00
Lon. day sugar (wte)	\$342.00	-0.50
Tate & Lyle export	£308.00	+1.00
Barley (Eng. feed)	£107.0w	
Maize (US No3 Yellow)	\$136.0	
Wheat (US Dark North)	£180.0	
Rubber (Oct)♥	85.50p	-0.50
Rubber (Nov)♥	84.50p	-0.50
Rubber KL RSS No1 Aug	316.50m	+3.50
Coconut Oil (Phil)§	\$625.0z	+20.0
Palm Oil (Malay.)§	\$615.0t	+20.0
Copra (Phil)§	\$389.0	
Soyabeans (US)	£195.0u	
Cotton Outlook 'A' Index	75.85c	-0.15
Wooltops (64s Super)	486p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Nov. t Oct. z Sep/Oct. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week. © Prices are for previous day.

CROSSWORD

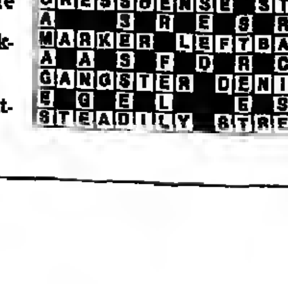
No.8,558 Set by HIGHLANDER



ACROSS
1 Choke or accelerator? (8)
5 Old head swallowed one drug (6)
9 Fog has covered new pole which shows distance to finish (8)
10 Links progress with series of lectures (6)
12 Former pit, once in a bad way, is special case (9)
13 Russian leader takes advantage of dodgy tricks (5)
14 High-ranking officer can in US Navy (4)
16 Cinderella's coach put questions to family (7)
19 Depending if hire charge covers troubla reversing (7)
21 Sign indicating pitch is nearly split (4)
24 Cast gives support for injured hand (5)
25 Not for beginning of prose and poetry down under (9)
27 Officer's aide wants middle son to become cricketer (6)
28 It's issued regularly by military store (8)
29 Planats – fifty featuring in discussions (6)
30 Since flower starts to open slowly it's heat-resistant (8)

DOWN
1 Fiddle and piano put in more domesticated setting (6)
2 Old widow has memory-evoking object on table top (6)
3 Fill pot? (3,2)
4 Heather has enclosed first catalogue (7)
6 Plan for metric unit (9)
7 A crowd starts from Klosters inn after travelling down mountain (5-3)
8 Carol follows regular service (8)
11 Cut nails up (4)
15 Bring up ceremonial escort as protection when retreating (9)
17 Traverse ship's front with old weapon (8)
18 Costlier version of covered walk (8)
20 What affected defrosting process? (4)
21 Sailor's weapon is to ignore girl (7)
22 A tendency for floating off course (6)
23 Estimate value of donkeys mostly (6)
26 Has to appear during exercise period (5)

Solution 8,557



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Losses recouped following US consumer data

By Terry Byland, UK Stock Market Editor

Confidence in the near-term outlook for UK equities appeared to recover yesterday afternoon when share and bond prices rallied after the latest US consumer price index came out in line with forecasts. Earlier, equities had dropped by nearly 48 points on the FT-SE 100 Index as nervousness ahead of the US data combined with fears in some quarters that further rises might follow Monday's increase in UK base rates.

The recovery in the second half of the session, which was fuelled by a swing from losses to gains in long-dated UK government bonds, reduced the day's loss on the FT-SE 100 to 7.4 at a final reading of 3,121.4. Sentiment was also helped by an early rise of 20 points in New York's Dow Industrial Average.

Although the mood remained nervous, market analysts regarded the revival of confidence in the UK bond market as very significant for equities. "Monday's move on rates should reassure gilts," commented Mr Richard Jeffrey of Charterhouse Tilney.

But in early trading, when bonds weakened across Europe on fears that the US data might provoke a fresh move by the Federal Reserve, equities were weak in London. Two leading financial newspapers suggested that UK base rates would have to be raised again soon. However, NatWest Securities took a firm stance against such fears. "Base rates at 5.75 per cent; enough for this year," it told clients, adding that it saw only one more move – "to 6.25 per cent" – in the next 12 months.

The equity market appeared unconvinced, however, and yesterday morning brought a round of losses among the retail stocks which had managed to avoid selling pressure in the previous session. Sentiment in these sectors was also hurt by disappointing results from Kingfisher, whose shares fell sharply at first but rallied later. A poor trading statement from Fisons also hit market confidence.

The Footsie 3,100 mark was quickly lost and the slide continued until share prices steadied to put the index at a low for the day of 3,086.1.

Against this background, the recovery in the second half of the session was all the more convincing. By the close, Marks and Spencer, the most prominent name in the retail sector, was a shade firmer on the day and losses elsewhere in the stores area were modest. Across the broad range of the market there were many firm spots, with P&O standing out strongly on good first-half figures.

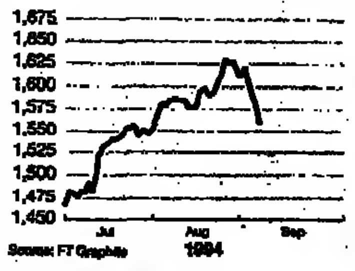
Stock market traders were favourably impressed by the recovery of the 3,100 mark on the Footsie, and said that there had been ready support when the index moved below this level. The day's performance by equities showed that bond markets still hold the key to UK share prices and that a convincing recovery in bond prices is still the necessary base for a further advance in the stock market.

The futures markets played their usual role in leading the blue chip stocks as they first fell and then recovered. The FT-SE Mid 250 Index, less closely linked to the futures market, finished the day down 34.2 at 3,679.1.

Stock Exchange statistics indicate that on Monday, when shares reacted to the unexpected timing of the first rise in Bank of England lending rate for five years, retail, or genuine customer, business in equities remained steady at £1.28bn. Volatility in share prices during that session suggested that investors were both selling and buying stock.

Trading volume of 567.2m shares through the Seaq electronic system yesterday compared with only 484.6m on Monday, and showed a return to more normal daily average equity business levels. Further nervousness is likely ahead of tomorrow's policy meeting at the Bundesbank.

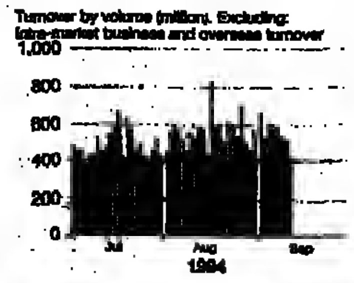
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3121.4	-7.4	FT Ordinary index	2426.5	+1.2
FT-SE Mid 250	3679.1	-34.2	FT-SE-A Non Fins p/e	19.31	(19.38)
FT-SE-A 350	1576.6	-8.3	FT-SE 100 Fut Sep	3118.0	+6.0
FT-SE-A All-Share	1566.58	-6.27	10 yr Gilt yield	8.81	(8.82)
FT-SE-A All-Share yield	3.82	(3.81)	Long gilt/equity yld ratio:	2.30	(2.31)

Best performing sectors

1 Transport .... +1.2
2 Oil Exploration & Prod .... +1.1
3 Gas Distribution .... +0.3
4 Retailers, Food .... +0.2
5 Oil, Integrated .... +0.1

Worst performing sectors

1 Tobacco .... -1.7
2 Building & Construc .... -1.6
3 Merchant Banks .... -1.6
4 Water .... -1.4
5 Extractive Industries .... -1.2

Fisons suffers afresh

The troubles of Fisons, the hard hit pharmaceuticals and scientific instruments group, took another twist yesterday as the interim results statement appeared to offer enduring gloom.

The company has been seen as a long-time bid target by market optimists. But the possibility that, however cheap, it might not actually have much to offer, has led some analysts to question just how much bid value there is in the share price and thus how much it would fall if bid hopes evaporated.

Mr Paul Woodhouse of Smith New Court argued that the stock was on a highly demanding prospective multiple of 23 times earnings. If it were to return to a sector rating, its share price would have to tumble to 90p, while if it was on the same rating as Glaxo its share price would be virtually halved.

As it was, analysts responded to first-half profits of £30.4m, a halved dividend, and a very cautious statement on prospects for the second half by lowering forecasts. Smith New Court came down to £45m from £80m for the full year, while UBS reduced its estimate to £60m from £90m.

Fisons, which stood above 500p a share three years ago, crumbled a further 10 per cent yesterday to end at 185p, with heavy volume of 7.7m going through the electronic ticker.

P&O pleases

P&O was outstanding in the transport sector, jumping 21 to 674p on the back of significantly better than expected half-year results. The shares moved to 675p in heavy early morning volume but eased back on modest profit-taking.

The six-month performance was above the top end of most brokers' estimates, rising strongly to £126.4m before tax on the back of rapid expansion on the shipping side.

The results, together with an upbeat management statement, led analysts to rapidly revise upwards their projections for full-year profits. To take one example, UBS is now pitching for £360m pre-tax for 1994, up from earlier projections of £320m.

A surprised stock market described the buying as "serious" and trading volume topped 2.9m shares. According to traders, it begins to look as though P&O's heavy capital spending of recent years is finally bearing fruit.

Elsewhere, airports group BAA moved ahead 9 to 492p following the announcement of a 6.4 per cent advance in passenger volume for August.

Kingfisher weak

Stores group Kingfisher failed to impress with first-half figures at the bottom end of expectations but the shares held firm on the "Only Way Is Up" theory.

Forecasts for the full year were lowered, although some of the more positive analysts argued that all the problems were now in the share price. UBS, for example, reduced its estimate by £12m to £333m but remained a buyer on the basis that "the massive derating seen since Christmas is probably now at an end". Hoare Govett lowered its forecast by £15m to £325m and appeared to be maintaining a hold on the stock.

BZW, which has taken a consistently bearish stance, came down by only £5m to £335m. However, analyst Mr Tony Shiret remained a strong seller and pinpointed the threat to Kingfisher's B&Q chain from Home Depot, of the US.

Some analysts maintained the belief that at least one senior management change was imminent in spite of a firm denial by the company yesterday. The shares fell 23 at the start of trading but rallied to close only 3 down at 487p.

A buy recommendation from BZW, plus talk of aggressive switching from other composite insurance stocks, drove Royal Insurance sharply better. There was also talk around the market that a big US buyer had been operating, although some dealers thought this unlikely because of Royal's exposure to environmental claims in the US. At the close, Royal stock was 9 higher at 290p after good turnover of 3.1m shares.

Talk of a sell recommendation from one of the market's leading brokers and a revival of rights issue stories unsettled Forte, 3 lower at 228p. Speculation was that Forte may pay in excess of £200m for Meridian, the hotels group owned by Air France, and also take advantage of the acquisition to launch a big rights issue to reduce its debt.

Granada was also affected by rumours that the group could be contemplating a sizeable acquisition and had been taking soundings from its shareholders. Granada declined 9 to 487p.

Norweb was one of the better performers in the utilities sectors, the shares edging up 2 to 794p after the company sent its broker, Smith New Court, in to the market to buy its own shares. Norweb bought 5m shares, or 2.9 per cent of its issued capital, at 795p.

South Western also moved in to acquire more of its own stock, buying 500,000 shares at 766p.

Smith New Court was responsible for keeping the Scottish generators on an even keel; the broker's utilities team said the Scots "should have prospects as good as the Recs after their distribution review; Hydro will be able to pay 10 per cent real dividend growth until 2,000 and Power should be able to match this. Hydro slipped 3 to 372p and Power held at 382p.

At least two of the market's most influential broking houses, Kleinwort Benson and Credit Lyonnais Laing, were said to be recommending a big switch from NatWest to Barclays. The latter held at 595p on 6.6m traded and the former dropped 17 to 494p, on 6.3m traded.

The building sectors had a rough ride again as dealers focused on the implications of higher domestic interest rates. NatWest Securities' building team said "with September a key selling month for housebuilders, the rise in base rates couldn't have been timed more badly."

Taylor Woodrow failed to hold an early gain inspired by better than expected interim profits, which were around £2m higher than best estimates. The share price settled 2 easier at 135p, after 142p.

Caradon, the building products group, was one of the FT-SE 100's best performers, racing up 11 to 298p, after top-of-the-range interim figures.

The latest newspaper circulation figures knocked Daily Express parent United Newspapers which fell 17 to 511p.

MARKET REPORTERS:
Peter John, Jeffrey Brown, Steve Thompson, Ramraj Gogna.

■ Other statistics, Page 22

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (49).
BREWERIES (1) Gibbs Mew, BLDG MATLS & MCHTS (2) John Mansfield, Kingspan, DISTRIBUTORS (1) Wyko, ELECTRNC & ELECT EQUP (3) Dewhurst A, Fairey, MTL Inst., ENGINEERING (4) Fenner, Renold, 600, Spirax-Sarco, ENG. VEHICLES (2) Airflow Streamlines, UPF, EXTRACTIVE INDS (4) HOUSEHOLD GOODS (2) Royal Doulton, Swallowfield, INVESTMENT TRUSTS (3) LEISURE & HOTELS (3) Castle Comms., Chrysalis, Zetters, MEDIA (2) Ind. Business Comms., Taylor Nelson, OTHER FINANCIAL (2) OTHER SERVS & BUSNS (2) PHARMACEUTICALS (1) Brit. Biotech, PROPERTY (1) Merivale Moore, RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (3) Austin Reed, Etam, SPIRITS, WINES & CIDERS (1) Macdonald Martin A, SUPPORT SERVS (3) Admiral, Manpower, Reliance Security, TEXTILES & APPAREL (1) Horace Small Apparel, TRANSPORT (3) GRT Bus, National Express, Stagecoach, CANADIANS (1)
NEW LOWS (108).
GILTS (16) BANKS (1) Standard Chartd. 7¼pc Prf., BREWERIES (2) Assoc. Fuller STA, BUILDING & CNSTRN (12) BLDG MATLS & MCHTS (4) Graham, Hewitt, Haywood Williams, Do. Prf., CHEMICALS (1) Sutcliffe Speakman, DISTRIBUTORS (6) Appleyard, Bletchley, Cowie, Hamlet, Lex Service, Litho Supplies, DIVERSIFIED INDLS (6) BTR, Do. Wts., Do. Wts. 1994/95, Do. Wts. 1995/96, Do. Wts. 1997, Suter Wts., ELECTRNC & ELECT EQUP (3) DRS Data Res., Dale, ENGINEERING (4) Beckenham, Hill & Smith, Morgan Crucible 7½pc Prf., Whatman, EXTRACTIVE INDS (3) Bracken, Brundiffe Aggregates, HOUSEHOLD GOODS (3) Cornwall Parker A, Jayes, Lionheart, Vymura, Wyefield, INSURANCE (1) INVESTMENT TRUSTS (16) INVESTMENT COMPANIES (1) LEISURE & HOTELS (3) Granada 7.5p Prf., Tring Intl., MEDIA (3) Barbour Index, Birkdale, SelecTV, OIL EXPLORATION & PROD (1) New London, OTHER FINANCIAL (3) PRTNG, PAPER & PACKG (3) Bdl. Thornton, Hunterprint, PROPERTY (5) Brit. Land 6pc Bd., Shaftesbury, Southend, Do. 8pc Cnv. 2020, Speciality Shops, RETAILERS, FOOD (1) Brake Bros., RETAILERS, GENERAL (3) Country Casuals, Partridge Fine Arts, Rosebys, SUPPORT SERVS (6) IBS B, JBA, Johnson Cleaners, Macro 4, Sungard Data, TEXTILES & APPAREL (4) Albion, Beckman (A), Drummond, Parkland, TRANSPORT (3) GATX, NFC, AMERICANS (2).

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures were volatile in thin trading, opening with renewed weakness but rebounding sharply once the latest US inflation indicator had been released.

The September contract on the FT-SE 100 Index moved down through 3,100 at the opening but clawed back to close at 3,118, marginally below the 3,120 best of the day. The closing discount to the cash market narrowed to 4, with the fair value premium standing at around 3 points.

Marketmakers said business was mostly thin and nervous with the September contract expiring on Friday. Trading volume totalled just over 22,000 but almost half of that figure was said to have been determined by roll-overs into the December contract.

Trading was again dominated by locals – independent traders – with institutions for the most part keeping firmly to the sidelines. "What we badly need is an injection of hedge-fund and institutional activity," said one dealer yesterday.

In traded options, volume rose strongly to 56,282 contracts, from 42,477 on Monday. The main drive came from Footsie option volume, which was some 10,000 contracts higher at 22,824. Between them, Footsie and Euro FT-SE options accounted for more than two-thirds of total turnover. The most active individual stock options were Glaxo and Tomkins.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3110.0	3118.0	+6.0	3120.0	3075.0	22809	28661
Dec	3121.0	3129.0	+4.0	3130.0	3092.0	11106	33316
Mar	3131.0	3156.0	+2.0	3131.0	3131.0	60	525

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3670.0	3677.0	-13.0	3670.0	3670.0	169	3126
Dec	3693.0	3700.0	-18.0	3705.0	3693.0	249	1941

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	3677.0	-	-	-	-	686

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3118) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Sep	169	1	128½	2½	74	4½	32½	13½	6½	39	1½	87	1	137	1	187
Oct	161	16½	140	24½	104½	39	74	58½	48½	84	29½	115½	[illegible]	153½	9	197½
Nov	202	30	165	41½	128½	55	100	76	73½	101	53½	131	37	165½	23	204
Dec	222½	40½	186	60	153	76½	122½	96	96½	119	73½	147½	58½	176	38	214
Jun†	-	-	-	274	106½	[illegible]	214½	145½	[illegible]	[illegible]	166	197	[illegible]	[illegible]	129½	254

Calls 4,653 Puts 17,409

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	6,200	68½	+¼
Abbey National†	2,000	401	+2
Albert Fisher	667	48	
Allied-Lyons†	992	593	-4
Anglian Water	399	544	-10
Argos	528	344	-3
Argyll Group†	1,800	284½	+3
Arjo Wiggins†	667	277	-1
Assoc. Brit. Foods†	85	577	+½
[illegible]	[illegible]	[illegible]	[illegible]

FT-SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	22	29	16
Other Fixed Interest	0	1	14
Mineral Extraction	60	51	87
General Manufacturers	69	214	361
Consumer Goods	27	60	100
Services	55	148	297
Utilities	6	28	6
Financials	69	93	184
Investment Trusts	41	161	265
Others	52	36	16
Totals	423	821	1352

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	September 12	Expiry	December 8
Last Dealings	September 23	Settlement	December 22

Calls: Blenheim, Burmah Castrol, Colorvision, Cons Murchison, Division, Magnum Power, Navan Res, Tadpole Tech, Waverley Mng. Puts: Lucas Wts, Waverley Mng. Puts & Calls: Navan Res, SmithKline Beecham A.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	20.0	89	78	Baillie G Shn Wts	79½	+1½	-	-	-	-
100	F.P.	16.1	102	95	Beacon Inv Tst	95	-2	-	-	-	-
-	F.P.	1.46	46	39	Do. Warrants	39	-2	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£21¼	-⅛	£25⅛	£20⅛	6,555	5.1	ф
ANZ A$		185	—	278¼	179¼	2,476	6.1	27.8
Abbey National	†N□	401xd	+3	523	381	5,261	4.0	13.5
Allied Irish I£	‡†N□	235xd	—	314	234	1,665	4.0	9.6
Anglo Irish I£	M□	59	-1	*70	50	203.0	7.3	10.8
Asahi Y		885½	+5½	899¼	828	15,908	0.7	ф
Banco Bil Viz Pta		£15⅛	—	£16⅞	£14⅛	3,476	5.5	6.7
Banco Sant Pta		£26¼	—	*£30½	£23¼	3,948	5.5	6.1
Bk Ireland I£	‡□	284	+1	*319	246	1,342	4.8	8.2
Bank Scotland	‡†N□	207	-2½	247	172½	2,415	3.0	16.9
9¼pc Pf		113¼	+¼	141½	112	113.2	10.2	–
9¾pc Pf		118	+¼	148½	117¼	110.9	10.3	–
Barclays	‡†N□	556xd	—	640	487	8,680	3.5	16.4
Dai Ichi Kan Y		£11¼	+⅛	£12¼	£10⅛	35,111	0.5	–
Deutsche DM		£288½	-¼	£344¼	£270¼	14,077	2.3	–
Espirito Santo		£10	-⅛	*£13⅛	£9⅛	214.8	3.0	5.9
First Nat Fin	N□	78	+1	*98	60	123.2	2.6	–
6.3pc Cv Pf		77	—	*90	77	5.10	10.2	–
7pc Cv Pf		129½	—	171	123	61.5	6.8	–
Fuji Bank Y		1342	+10	1549¼	1162½	38,973	6.4	ф
HSBC HK	†N□	759xd	+4	1133	680	13,282	4.0	11.0
HSBC (75p Shs)	†N□	758xd	+2	1113	680	6,201	4.1	10.7
Lloyds	†N□	549xd	-8	650	519	7,109	5.2	10.5
Mitsubishi Y		£15⅛	+⅛	£16⅛	£15⅛	46,612	0.3	ф
Mits Tst & Bk Y		924¼	+29¼	1162¼	687½	11,091	0.6	14.4
Mitsui Tst & Bk Y		655¼	+13	679	514	8,328	6.9	23.0
Nat Aust A$	†	484	—	620¼	489¾	6,612	5.7	10.3
NatWest	†N□	494xd	-17	622	421	8,225	4.0	8.2
Oldenburg FFr		£21¼	—	£33	£21¼	108.8	6.7	ф
Ryl Bk Scotland	‡†N□	429	—	526	377½	3,388	3.8	19.0
Sakura Y		£9⅛	+⅛	£9⅛	£8⅛	28,196	0.6	53.3
Sanwa Y		£12⅛	+⅛	£15⅛	£11⅛	38,202	0.3	–
[illegible]								

CHEMICALS

[illegible]

BREWERIES

[illegible]

DISTRIBUTORS

[illegible]

BUILDING & CONSTRUCTION

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£20	—	£30	£13½	1,936	6.8	22.0
Barlow	Z	£4½	-⅛	£5½	£3½	908.2	8.7	-
Gold Flds Prop R		119xa	-1	128	75	12.2	1.9	♦
MK Props	‡	33	—	56	30	3.42	14.2	♦
SASOL	♥	492	-5	498	280	2,796	2.0	-
SA Brews		£12⅜	—	£15½	£10	3,304	2.2	20.9
Tiger Oats	†	600	—	638	538	902.2	3.8	12.7
Tongaat-Hulett	h	574	-2	610½	356¼	823.1	2.2	16.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1236 a year for each security shown, subject to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	159.7	160.2	169.5	-1.70	0.15
AIB Grofund Equity	6	234.5	237.2	251.0	-1.00	1.32
AIB Grofund Euro	5	200.3	201.0	212.7	-1.70	0.10
AIB Grofund Gilt	3	70.69	70.70	72.89	-0.11	5.79
AIB Grofund Japan	5	186.3	186.2	197.1	-2.40	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

INSURANCES

Aeonus Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

Clerical Medical/Fidelity Investments

Friends Provident - Contd.

GT Unit Managers Ltd

Lancashire & Yorkshire Assce Society

Lancastrian Life plc

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

Prudential Individual Pension Funds

Reliance Mutual

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

Century Life International Ltd

Eagle Star Intl Life

Equitable Life

Friends Provident International

Hansard International Ltd

Isle of Man Assurance Ltd

Lobrow International Group

Professional Investment Consultants

Royal Life International

Scottish Provident Intl Life Ass Ltd

Sun Alliance International Life

Sun Life International (IOM) Ltd

MANAGEMENT SERVICES

Capital Trust Financial Management

Fenner de Vere PLC

Foster & Braithwaite Ltd

Johnson Fry Asset Managers Plc

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Lazard Freres Asset Management (CI) Ltd

Coutts & Co Fund Managers Limited

Hambros Fund Managers (Ireland) Ltd

Gartmore Fund Mngrs Intl Ltd

Barclays Intl Funds

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds

Abtrust Fund Mngrs Luxembourg SA (z)

Gartmore Luxembourg SA (z)

HSBC Investment Funds Luxembourg SA (z)

Henderson Management SA (z)

S.G. Warburg Asset Mngmt Lux SA - Contd.

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (z)

InverSud Investment Fund SICAV

Investissements Atlantiques SA

Lloyds Bank Luxembourg (z)

Lombard Odier Invest (z)

World Bond Fund-SICAV (z)

World Trust Fund

Yamaichi Advanced Technology Fund

Yamaichi 1992 OMNI Fund SICAV (z)

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

CURRENCIES AND MONEY

MARKETS REPORT

Canadian dollar firmer

Tha failure of Quehec separatists to win a convincing mandate in weekend elections helped the Canadian dollar to its highest level in eight months yesterday, *writes Philip Gawith.*

Although the pro-sovereignty Parti Quebecois (PQ), scored a solid victory in the provincial elections, the smaller than expected margin of victory was seen as diminishing the prospect of Quebec seceding.

The Canadian dollar closed in London at C$1.3534 against the US dollar from C$1.3653 on Monday. Currency dealers said the Bank of Canada had intervened and sold Canadian dollars for dollars when the currency had broken below the C$1.35 level.

The dollar, meanwhile, benefited from firmer bond prices, following a fairly benign US consumer prices report. It finished in London at DM1.5493 from DM1.5435. Against the yen it closed at Y99.045 from Y98.985.

The D-Mark was generally weaker in Europe, with the market realising that the political risk in the October elections is higher than previously anticipated. It finished at FFr3.421 against the franc, from FFr3.425, and L1,013, from L1,017, against the Italian lira.

Sterling traded firmly after Monday's 50 basis point rise in interest rates, although it lost ground in the afternoon against the firmar dollar. It finished at $1.5613, after hriefly trading abova $1.57, and at DM2.4189, after trading above DM2.42.

■ Analysts said the strength in the Canadian dollar – which looks to be hreaking a three-year downtrend against the US dollar – was partly a knee-jerk response to the election result, and partly a case of it making up lost ground.

Other "commodity" currencies, like the Australian and New Zealand dollars, have strengthened this year on the back of the improved outlook for commodity prices. The Canadian dollar, however, was held back by political uncertainty.

Mr Tim Stewart, currency strategist at Morgan Stanley in London, said with the Quebec issue partially resolved – at least in the mind of the market – tha currency had made up some of the lost ground. He predicted that it would probably establish a C$1.3450 - 1.3650 trading range, compared to the C$1.3750-1.3950 so far this year.

Mr Adrian Cunningham, senior currency economist at UBS in London, said the election result was good for the currency in the ahort term, but he remained cautious over the longer term. "Now that you have the PQ in negotiations at the federal level, it may be that much more difficult for the government to achieve the budget cuts it seeks."

Wood Gundy economics, part of the Canadian Imperial Bank of Commerce group, commented: "While today's victory for the PQ will provide them with a base from which to build support for sovereignty, we believe that markets will judge referendum prospects as sufficiently distant and uncertain as to not preclude a return to fundamentally driven markets, with narrower Canada-US interest rate spreads and a firming Canadian dollar." They predict C$1.3420 at the end of the year.

■ Sterling appeared to be the beneficiary of Monday's rate rise being seen by the market as "pre-emptive". Mr Brian Durrant, economist at brokers GNI, said it had been "a rare UK occurrence, a rate hike not provoked by turbulence in the foreign exchanges."

"The UK authorities appear to have pulled off something the Fed has been trying all year to achieve - namely a pre-emptive rate hike," said Mr Durrant.

One pundit cautioned against the market getting carried away, noting that "sterling/D-Mark has been trending lower since I was born."

But Mr Chris Turner, currency analyst at BZW, said there were various reasons why sterling should do better than the dollar did, when US rates were first raised in February.

These included UK real rates having less to rise before "neutrality" is achieved; the UK output gap being larger, reducing the chance of the Bank being seen to be "behind the game" in combatting inflation; and the market was also much less bullish about sterling in the first place.

Mr Stewart of Morgan Stanley said he thought sterling could reach DM2.45/2.50 in the next few months, especially if the D-Mark weakened ahead of next month's elections.

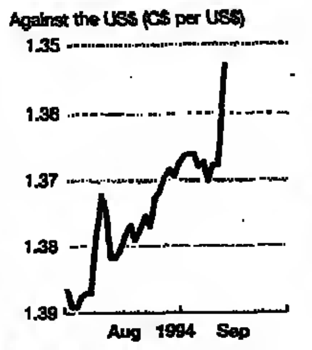
■ Short sterling ataged a recovery after a bout of pessimism in the immediate aftermath of the rate rise. The September contract rose by seven basis points to 94.14, while the December contract was up by a similar margin to 93.37.

The market clearly believes that Monday'a rise in rates was only the first of many. It is still discounting short term rates above 6.6 per cent at the end of the year, and at 8.7 per cent in December 1995.

The Bank of England provided UK money markets with £329m assistance, at the new established rate of 5¾ per cent, after forecasting a £300m shortage. Overnight money traded between 3 and 5¾ per cent.

In the cash markats three month money LIBOR traded at 5 13/16 per cent, from 5¾ per cent.

Canadian dollar



Source: FT Graphite

■ **Pound in New York**

Sep 13	—Latest—	– Prev. close –
£ spot	1.5620	1.5705
1 mth	1.5612	1.5695
3 mth	1.5598	1.5675
1 yr	1.5488	1.5645

■ **OTHER CURRENCIES**

Sep 13	£	$
Hungary	166.621 - 168.753	106.740 - 108.790
Iran	2728.00 - 2730.00	1748.00 - 1750.00
Kuwait	0.4635 - 0.4645	0.2970 - 0.2975
Poland	35817.1 - 35875.5	22945.0 - 22975.0
Russia	3514.50 - 3530.00	2251.00 - 2261.00
U.A.E.	5.7286 - 5.7404	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Sep 13		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.0296	+0.0476	188 - 321	17.0712	16.9905	17.0211	0.3	17.0093	0.4	-	-	115.2
Belgium	(BFr)	49.8023	+0.1648	803 - 243	49.9480	49.6820	49.8223	-0.5	49.7573	0.4	49.5123	0.6	116.8
Denmark	(DKr)	9.5518	+0.0318	471 - 564	9.5928	9.5370	9.5565	-0.6	9.5759	-1.0	9.6165	-0.7	116.3
Finland	(FM)	7.7840	+0.0277	758 - 939	7.8310	7.7600	-	-	-	-	-	-	84.6
France	(FFr)	8.2728	+0.0137	700 - 752	8.3018	8.2666	8.2729	0.0	8.2754	-0.1	8.2291	0.6	110.4
Germany	(DM)	2.4189	+0.0072	180 - 197	2.4284	2.4124	2.4176	0.6	2.4147	0.7	2.3857	1.4	128.2
Greece	(Dr)	368.455	+1.099	240 - 670	369.616	367.185	-	-	-	-	-	-	-
Ireland	(I£)	1.0152	-0.0003	144 - 159	1.0200	1.0132	1.0151	0.1	1.0163	-0.4	1.0209	-0.6	104.2
Italy	(L)	2449.92	-3.29	874 - 109	2462.54	2447.10	2455.92	-2.9	2468.17	-3.0	2534.32	-3.4	75.1
Luxembourg	(LFr)	49.8023	+0.1648	803 - 243	49.9480	49.6820	49.8223	-0.5	49.7573	0.4	49.5123	0.6	116.8
Netherlands	(Fl)	2.7142	+0.0094	130 - 154	2.7195	2.7069	2.7128	0.6	2.7095	0.7	2.679	1.3	120.6
Norway	(NKr)	10.6197	+0.0246	164 - 229	10.6675	10.5967	10.6195	0.0	10.6217	-0.1	10.6241	0.0	96.0
Portugal	(Es)	246.522	+0.654	326 - 717	247.033	245.940	248.252	-8.4	251.432	-8.0	-	-	-
Spain	(Pta)	200.551	+0.099	479 - 622	201.607	200.442	200.931	-2.3	201.666	-2.2	204.546	-2.0	86.0
Sweden	(SKr)	11.7338	+0.0271	261 - 415	11.7767	11.6876	11.7528	-1.9	11.8003	-2.3	12.0138	-2.4	75.0
Switzerland	(SFr)	2.0171	+0.01	160 - 182	2.0238	2.0112	2.0141	1.8	2.0083	1.7	1.973	2.2	122.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.2
Ecu	-	1.2662	+0.003	676 - 665	1.2722	1.2673	1.2664	-0.2	1.2667	-0.2	1.2669	0.1	-
SDR†	-	0.940050	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5601	-0.0016	598 - 604	1.5711	1.5583	-	-	-	-	-	-	-
Brazil	(R)	1.3380	+0.0062	362 - 398	1.3598	1.3365	-	-	-	-	-	-	-
Canada	(C$)	2.1129	-0.0204	122 - 136	2.1461	2.1103	2.1124	0.3	2.1116	0.2	2.1106	0.1	87.4
Mexico	(New Peso)	5.3294	+0.0104	246 - 341	5.3621	5.3233	-	-	-	-	-	-	-
USA	($)	1.5613	-0.0013	610 - 615	1.5720	1.5604	1.5604	0.7	1.5584	0.7	1.5458	1.0	62.4
Pacific/Middle East/Africa													
Australia	(A$)	2.0969	-0.0028	959 - 979	2.1185	2.0952	2.0969	0.0	2.0982	-0.2	2.1163	-0.9	-
Hong Kong	(HK$)	12.0639	-0.0098	612 - 666	12.1465	12.0581	12.06	0.4	12.0589	0.2	12.0659	0.0	-
India	(Rs)	48.9766	-0.0407	647 - 882	49.3100	48.9540	-	-	-	-	-	-	-
Japan	(Y)	154.634	-0.035	570 - 698	155.780	154.540	154.239	3.1	153.334	3.4	148.359	4.1	189.2
Malaysia	(M$)	3.9871	-0.0013	857 - 885	4.0105	3.9853	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5900	-0.0015	874 - 926	2.6087	2.5884	2.5939	-1.8	2.6017	-1.8	2.6239	-1.3	-
Philippines	(Peso)	40.9829	-0.0341	421 - 236	41.2288	40.7410	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8554	-0.0046	541 - 566	5.8953	5.8524	-	-	-	-	-	-	-
Singapore	(S$)	2.3224	-0.0075	212 - 235	2.3420	2.3211	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5507	+0.0032	486 - 527	5.5909	5.5488	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0022	-0.0012	855 - 189	7.0268	6.9852	-	-	-	-	-	-	-
South Korea	(Won)	1249.24	-1.19	880 - 967	1257.60	1248.79	-	-	-	-	-	-	-
Taiwan	(T$)	40.9189	-0.0364	083 - 254	41.1966	40.8965	-	-	-	-	-	-	-
Thailand	(Bt)	38.9846	-0.0324	704 - 985	39.2450	38.9700	-	-	-	-	-	-	-

†SDR rates for Sep 12. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 13		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.9050	+0.0396	025 - 075	10.9170	10.8190	10.905	0.0	10.9048	0.0	10.83	0.7	104.4
Belgium	(BFr)	31.8990	+0.132	900 - 080	31.9350	31.8300	31.904	-0.2	31.929	-0.4	32.029	-0.4	106.0
Denmark	(DKr)	6.1180	+0.0252	160 - 200	6.1210	6.0718	6.1245	-1.3	6.1445	-1.7	6.2217	-1.7	104.9
Finland	(FM)	4.9863	+0.0219	813 - 913	4.9913	4.9500	4.9863	0.0	4.9933	-0.6	5.0413	-1.1	79.4
France	(FFr)	5.2987	+0.0132	979 - 995	5.3085	5.2620	5.3015	-0.6	5.3065	-0.6	5.274	0.5	106.7
Germany	(D)	1.5493	+0.0058	490 - 496	1.5511	1.5365	1.5494	-0.1	1.5494	0.0	1.5433	0.4	107.1
Greece	(Dr)	236.000	+0.9	900 - 100	236.100	234.100	238.3	-1.5	236.925	-1.6	239.875	-1.6	69.1
Ireland	(I£)	1.5380	-0.0008	370 - 389	1.5483	1.5340	1.5374	0.5	1.5344	0.0	1.516	1.4	-
Italy	(L)	1569.20	-0.6	870 - 970	1573.05	1561.00	1573.95	-3.6	1583.7	-3.7	1639.2	-4.5	75.4
Luxembourg	(LFr)	31.8990	+0.132	900 - 080	31.9350	31.8300	31.904	-0.2	31.929	-0.4	32.029	-0.4	106.0
Netherlands	(Fl)	1.7385	+0.0075	380 - 390	1.7390	1.7328	1.7386	-0.1	1.7386	0.0	1.7331	0.3	105.8
Norway	(NKr)	6.8020	+0.0214	010 - 030	6.8055	6.7505	6.807	-0.9	6.827	-1.5	6.8995	-1.4	96.1
Portugal	(Es)	157.900	+0.55	800 - 000	158.000	156.600	158.65	-5.7	162.325	-11.2	166.8	-5.7	95.4
Spain	(Pta)	128.455	+0.17	430 - 480	128.720	127.800	128.77	-2.9	129.4	-2.9	132.305	-3.0	81.0
Sweden	(SKr)	7.5157	+0.0238	119 - 194	7.5225	7.4662	7.5322	-2.6	7.5707	-2.9	7.7632	-3.3	80.4
Switzerland	(SFr)	1.2920	+0.0075	915 - 925	1.2940	1.2806	1.2909	1.1	1.2887	1.0	1.2765	1.2	108.4
UK	(£)	1.5613	-0.0013	610 - 615	1.5720	1.5604	1.5604	0.7	1.5584	0.7	1.5458	1.0	87.5
Ecu	-	1.2312	-0.0038	310 - 313	1.2377	1.2294	1.2303	0.9	1.2284	0.9	1.2202	0.9	-
SDR†	-	1.48629	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9993	-0.0003	992 - 993	0.9993	0.9992	-	-	-	-	-	-	-
Brazil	(R)	0.8570	+0.006	560 - 580	0.8650	0.8560	-	-	-	-	-	-	-
Canada	(C$)	1.3534	-0.0116	531 - 536	1.3678	1.3493	1.3539	-0.4	1.3552	-0.5	1.3654	-0.9	83.2
Mexico	(New Peso)	3.4135	+0.0035	110 - 160	3.4160	3.4110	3.4145	-0.4	3.4163	-0.3	3.4237	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3431	-0.0006	426 - 435	1.3486	1.3414	1.3434	-0.2	1.3441	-0.3	1.3514	-0.6	87.2
Hong Kong	(HK$)	7.7271	+0.0002	266 - 276	7.7276	7.7268	7.7269	0.0	7.7276	0.0	7.7426	-0.2	-
India	(Rs)	31.3700	-	675 - 725	31.3725	31.3675	31.455	-3.3	31.8	-2.9	-	-	-
Japan	(Y)	99.0450	+0.06	200 - 700	99.2000	98.6900	98.845	2.4	98.395	2.6	96	3.1	149.6
Malaysia	(M$)	2.5538	+0.0013	533 - 543	2.5547	2.5520	2.5448	4.3	2.5333	3.2	2.6088	-2.1	-
New Zealand	(NZ$)	1.6590	+0.0005	576 - 603	1.6614	1.6561	1.66	-0.7	1.6616	-0.7	1.6671	-0.5	-
Philippines	(Peso)	26.2500	-	000 - 000	26.4500	26.1000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	+0.0001	502 - 506	3.7506	3.7502	3.7517	-0.4	3.7568	-0.6	3.7744	-0.6	-
Singapore	(S$)	1.4875	-0.0037	870 - 880	1.4910	1.4860	1.4862	1.1	1.4843	0.9	1.4775	0.7	-
S Africa (Com.)	(R)	3.5553	+0.006	545 - 560	3.5565	3.5425	3.5708	-5.2	3.5991	-4.9	3.6758	-3.4	-
S Africa (Fin.)	(R)	4.4850	+0.003	750 - 950	4.4950	4.4850	4.5187	-9.0	4.5776	-8.2	-	-	-
South Korea	(Won)	800.150	-0.1	000 - 300	800.300	800.000	803.15	-4.5	806.65	-3.2	825.15	-3.1	-
Taiwan	(T$)	26.2078	-0.0015	065 - 090	26.2095	26.2060	26.2278	-0.8	26.2678	-0.9	-	-	-
Thailand	(Bt)	24.9700	-	650 - 750	24.9750	24.9650	25.0425	-3.5	25.17	-3.2	25.65	-2.7	-

†SDR rate for Sep 12. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 12 Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 13		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.18	16.61	4.855	2.038	4918	5.450	21.31	495.0	402.6	23.56	4.050	2.008	4.241	3.135	310.4	2.548
Denmark	(DKr)	52.14	10	8.661	2.532	1.063	2564	2.842	11.11	258.1	209.9	12.28	2.112	1.047	2.211	1.634	161.9	1.328
France	(FFr)	60.20	11.55	10	2.923	1.227	2961	3.281	12.83	298.0	242.4	14.18	2.438	1.209	2.553	1.887	186.8	1.533
Germany	(DM)	20.60	3.950	3.421	1	0.420	1013	1.122	4.388	101.8	82.92	4.851	0.834	0.414	0.873	0.646	63.94	0.524
Ireland	(I£)	49.06	9.410	8.150	2.382	1	2413	2.674	10.45	242.9	197.5	11.56	1.987	0.985	2.081	1.538	152.3	1.249
Italy	(L)	2.033	0.390	0.338	0.099	0.041	100.	0.111	0.433	10.07	8.187	0.479	0.082	0.041	0.086	0.064	6.313	0.052
Netherlands	(Fl)	18.35	3.519	3.048	0.891	0.374	902.4	1	3.909	90.83	73.88	4.322	0.743	0.368	0.778	0.575	56.96	0.467
Norway	(NKr)	46.94	9.002	7.796	2.279	0.957	2308	2.558	10	232.3	189.0	11.06	1.901	0.943	1.991	1.471	145.7	1.195
Portugal	(Es)	20.20	3.875	3.356	0.981	0.412	993.5	1.101	4.304	100.	81.34	4.759	0.818	0.406	0.857	0.633	62.72	0.514
Spain	(Pta)	24.84	4.764	4.126	1.206	0.506	1221	1.354	5.292	122.9	100.	5.850	1.006	0.499	1.053	0.778	77.11	0.632
Sweden	(SKr)	42.46	8.142	7.052	2.061	0.865	2088	2.314	9.045	210.1	170.8	10	1.720	0.853	1.801	1.331	131.8	1.081
Switzerland	(SFr)	24.69	4.735	4.101	1.198	0.503	1214	1.346	5.260	122.2	99.41	5.816	1	0.496	1.047	0.774	76.65	0.629
UK	(£)	49.80	9.551	8.272	2.418	1.015	2449	2.714	10.61	246.5	200.5	11.73	2.017	1	2.112	1.561	154.6	1.268
Canada	(C$)	23.58	4.522	3.917	1.145	0.481	1160	1.285	5.024	116.7	94.93	5.554	0.955	0.473	1	0.739	73.20	0.600
US	($)	31.90	6.118	5.299	1.549	0.650	1569	1.739	6.797	157.9	128.4	7.514	1.292	0.641	1.353	1	99.04	0.812
Japan	(Y)	32.21	6.178	5.351	1.564	0.657	1584	1.755	6.863	159.4	129.7	7.587	1.305	0.647	1.366	1.010	100.	0.820
Ecu		39.27	7.532	6.524	1.907	0.800	1931	2.140	8.368	194.4	158.1	9.251	1.591	0.789	1.666	1.231	121.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	0.6482	0.6452	-0.0034	0.6510	0.6449	81,674	77,713
Dec	0.6478	0.6458	-0.0029	0.6510	0.6450	36,356	52,808
Mar	0.6492	0.6470	-0.0025	0.6492	0.6470	125	3,175

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	0.7766	0.7740	-0.0043	0.7815	0.7736	17,053	28,939
Dec	0.7796	0.7761	-0.0038	0.7833	0.7753	18,731	24,364
Mar	-	0.7850	-0.0028	0.7850	-	11	248

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	1.0099	1.0090	-0.0009	1.0116	1.0085	26,809	46,283
Dec	1.0167	1.0157	-0.0009	1.0183	1.0152	13,421	24,384
Mar	-	1.0242	-	1.0242	-	254	248

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	1.5680	1.5630	-0.0068	1.5716	1.5626	18,561	27,963
Dec	1.5656	1.5616	-0.0066	1.5690	1.5604	25,727	22,646
Mar	-	1.5610	-	1.5660	1.5610	6	186

EMS EUROPEAN CURRENCY UNIT RATES

Sep 13	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14701	+0.00272	-2.26	5.47	-
Belgium	40.2123	39.4047	+0.042	-2.01	5.20	15
Germany	1.94964	1.91454	+0.00206	-1.80	4.98	-
Ireland	0.808628	0.803833	-0.002581	-0.58	3.69	4
France	6.53883	6.55287	+0.0039	0.21	2.86	-2
Portugal	192.854	195.041	+0.105	1.13	1.93	-8
Denmark	7.43679	7.55948	+0.0046	1.65	1.41	-11
Spain	154.250	159.009	+0.043	5.09	0.00	-22
NON ERM MEMBERS						
Greece	264.513	291.469	+0.146	10.19	-6.45	-
Italy	1793.16	1943.90	-2.62	8.40	-4.91	-
UK	0.786749	0.791324	-0.004234	0.58	2.49	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	PUTS Sep	PUTS Oct	PUTS Nov
1.450	8.84	8.74	8.75	-	-	0.05
1.475	6.34	6.38	6.49	-	0.03	0.23
1.500	3.85	4.09	4.43	-	0.25	0.65
1.525	1.60	2.24	2.72	0.06	0.84	1.43
1.550	0.09	0.96	1.53	1.14	2.04	2.61
1.575	-	0.32	0.74	3.43	3.84	4.31

Previous day's vol., Calls 9,634 Puts 11,831 . Prev. day's open int., Calls 606,306 Puts 604,143

WORLD INTEREST RATES

MONEY RATES

September 13	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	5¼	5⅝	5⅞	6¼	7.40	4.50	-
week ago	4⅞	5¼	5⅝	6⅛	6¼	7.40	4.50	-
France	5⅜	5⅜	5⅝	5⅞	6⅜	5.00	-	6.75
week ago	5⅝	5¼	5⅝	6 1/16	6¼	5.00	-	6.75
Germany	4.97	4.95	4.95	5.10	5.45	6.00	4.50	4.85
week ago	5.03	4.95	4.95	5.02	5.33	6.00	4.50	4.85
Ireland	4¾	5½	6⅛	6¾	7¼	-	-	6.25
week ago	4⅞	5½	6⅛	6⅝	7¼	-	-	6.25
Italy	8½	8⅝	8¾	9⅜	10⅛	-	7.50	8.45
week ago	8½	8⅝	8⅞	9⅜	10⅛	-	7.50	8.45
Netherlands	4.84	4.98	5.05	5.19	5.56	-	5.25	-
week ago	4.84	4.98	5.02	5⅛	5.48	-	5.25	-
Switzerland	3⅞	3 15/16	4⅛	4⅜	4⅞	6.625	3.50	-
week ago	3⅞	3 15/16	4⅛	4½	4¾	6.625	3.50	-
US	4¾	4 15/16	5	5⅜	5⅞	-	4.00	-
week ago	4¾	4 15/16	4 15/16	5¼	5¾	-	4.00	-
Japan	2¼	2½	2⅜	2⅜	2 11/16	-	1.75	-
week ago	2¼	2½	2⅜	2⅜	2 11/16	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	4⅞	5¼	5⅝	6	-	-	-
week ago	-	4⅞	5	5⅝	5 15/16	-	-	-
US Dollar CDs	-	4.65	4.84	5.14	5.71	-	-	-
week ago	-	4.65	4.80	5.07	5.58	-	-	-
SDR Linked Ds	-	3⅝	3⅞	3¾	4	-	-	-
week ago	-	3⅝	3⅝	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅛; 3 mths: 5⅝; 6 mths: 5¾; 1 year: 6⅜. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 13	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/16 - 4 11/16	5 - 4⅞	5⅛ - 5	5½ - 5⅜	5⅞ - 5¾	6 7/16 - 6 5/16
Danish Krone	5¾ - 5¼	5¾ - 5⅝	5⅞ - 5¾	6⅝ - 6⅜	7 3/16 - 7 1/16	7 11/16 - 7 7/16
D-Mark	5 - 4⅞	5 - 4⅞	5 - 4⅞	5 1/16 - 4 15/16	5 7/16 - 5 5/16	5 9/16 - 5 7/16
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4⅞	5 1/16 - 4 15/16	5 5/16 - 5 3/16	5 9/16 - 5 7/16
French Franc	5⅜ - 5¼	5 5/16 - 5 3/16	5½ - 5⅜	5⅝ - 5½	6 1/16 - 5 15/16	6 7/16 - 6 5/16
Portuguese Esc.	12⅛ - 11⅞	10 - 9½	10⅞ - 10⅝	11⅛ - 10⅞	11¼ - 10¾	11½ - 11
Spanish Peseta	7 7/16 - 7¼	7½ - 7⅜	7⅝ - 7½	7 15/16 - 7¾	8 7/16 - 8¼	8 11/16 - 8½
Sterling	5 - 4¾	5⅜ - 5¼	5½ - 5⅜	5 15/16 - 5 13/16	6 7/16 - 6 5/16	7⅛ - 7
Swiss Franc	3½ - 3⅜	3 15/16 - 3 13/16	3 15/16 - 3 13/16	4 1/16 - 3 15/16	4 5/16 - 4 3/16	4 11/16 - 4 9/16
Can. Dollar	5 1/16 - 4⅞	5¼ - 5 1/16	5¼ - 5⅛	5½ - 5⅜	5 13/16 - 5 11/16	6⅞ - 6¾
US Dollar	4 13/16 - 4 11/16	4 13/16 - 4 11/16	4⅞ - 4¾	5 1/16 - 4 15/16	5⅜ - 5¼	5 13/16 - 5 11/16
Italian Lira	9 - 7½	8¼ - 8	8 7/16 - 8 5/16	8 13/16 - 8 11/16	9⅝ - 9½	11⅛ - 10⅝
Yen	2⅛ - 2 1/16	2¼ - 2⅛	2 13/32 - 2 11/32	2⅜ - 2¼	2 13/32 - 2 11/32	2 23/32 - 2 21/32
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4 7/16 - 4 5/16	4¾ - 4⅝	5 7/16 - 5 5/16	6 1/16 - 5 15/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	94.36	94.38	+0.02	94.38	94.36	6,585	41,986
Dec	93.88	93.93	+0.06	93.94	93.87	18,937	48,784
Mar	93.45	93.48	+0.05	93.49	93.42	5,164	29,714
Jun	93.09	93.12	+0.03	93.14	93.07	3,724	27,748

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	94.92	94.93	+0.01	94.92	94.92	74	2856
Dec	94.24	94.27	+0.03	94.24	94.24	60	2118
Mar	93.87	93.90	+0.02	93.87	93.87	60	1356
Jun	-	93.55	+0.03	-	-	0	263

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	94.97	94.99	+0.01	94.99	94.97	10447	128090
Dec	94.75	94.81	+0.02	94.82	94.78	22009	178213
Mar	94.41	94.43	+0.01	94.46	94.38	14078	165373
Jun	94.04	94.06	+0.02	94.07	93.99	20765	104803

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	91.20	91.18	+0.09	91.20	91.11	2701	18778
Dec	89.72	89.92	+0.22	89.95	89.68	6880	32559
Mar	89.03	89.22	+0.21	89.22	89.01	2011	19461
Jun	88.63	88.82	+0.22	88.81	88.62	1030	14713

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	95.90	95.93	+0.04	95.95	95.90	4833	14307
Dec	95.55	95.58	+0.04	95.60	95.48	7188	20106
Mar	95.08	95.16	+0.02	95.20	95.06	1621	12422
Jun	94.90	94.95	+0.03	94.90	94.80	778	6255

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	94.04	94.08	+0.04	94.08	94.02	817	6110
Dec	93.44	93.48	+0.04	93.49	93.43	1316	6650
Mar	92.94	92.95	+0.01	92.96	92.90	637	4745
Jun	92.51	92.55	+0.02	92.55	92.50	288	1881

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	94.92	94.93	+0.01	94.93	94.91	30,961	340,693
Dec	94.25	94.26	+0.01	94.29	94.20	77,181	502,128
Mar	93.88	93.88	-	93.90	93.84	63,974	388,006

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Sep	95.37	95.40	+0.03	95.40	95.37	2,085	6,626
Dec	94.81	94.84	+0.02	94.86	94.78	1,005	11,428
Mar	94.40	94.40	-	94.42	94.38	391	6,208

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Sep	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Sep	PUTS Oct	PUTS Nov	PUTS Dec
9475	0.24	0.12	0.14	0.17	0	0.06	0.09	0.11
9500	0.03	0.02	0.04	0.06	0.04	0.21	0.23	0.25
9525	0	0	0.02	0.02	0.26	0.44	0.45	0.46

Est. vol. total, Calls 2574 Puts 5143. Previous day's open int., Calls 257430 Puts 201813

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9575	0.18	0.04	0.08	0	0.23	0.65
9600	0.01	0.02	0.05	0.08	0.46	0.87
9625	0	0.01	0.02	0.32	0.70	1.09

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 3285 Puts 1755

UK INTEREST RATES

LONDON MONEY RATES

Sep 13	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5⅞ - 3	5⅜ - 5⅛	5 7/16 - 5⅜	5 13/16 - 5 11/16	6 3/16 - 6	7⅛ - 7
Sterling CDs	-	-	5 7/16 - 5 5/16	5 13/16 - 5⅝	6 1/16 - 6	7 - 6⅞
Treasury Bills	-	-	5 13/32 - 5 5/16	5⅝ - 5 9/16	-	-
Bank Bills	-	-	5 15/32 - 5 7/16	5 27/32 - 5 13/16	6 - 5 15/16	-
Local authority deps.	5⅛ - 4 15/16	5 3/16 - 4 15/16	4 15/16 - 4 13/16	5⅝ - 5¾	5 13/16 - 5 11/16	6 13/16 - 6 11/16
Discount Market deps	4⅞ - 3½	5¼ - 5⅛	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.0940pc. ECGD fixed rate Stg. Export Finance. Make up day Aug 31, 1994. Agreed rate for period Sep 26, 1994 to Oct 25, 1994, Schemes II & III 6.82pc. Reference rate for period July 30, 1994 to Aug 31, 1994, Schemes IV & V 5.578pc. Finance House Base Rate 6½pc from Sep 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Sep	94.10	94.14	+0.07	94.15	94.10	16267	84087
Dec	93.32	93.37	+0.07	93.38	93.30	38071	143775
Mar	92.53	92.59	+0.09	92.60	92.50	10982	78107
Jun	91.96	92.05	+0.11	92.07	91.97	6951	58855

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9400	0.16	0.08	0.02	0.01	0.66	1.43
9425	0	0.01	0.01	0.11	0.89	1.67
9450	0	0	0	0.36	1.13	1.91

Est. vol. total, Calls 22169 Puts 7095. Previous day's open int., Calls 357516 Puts 814537

BASE LENDING RATES

	%
Adam & Company	5.25
Allied Trust Bank	5.25
AIB Bank	5.25
●Henry Ansbacher	5.75
Bank of Baroda	5.75
Banco Bilbao Vizcaya	5.75
Bank of Cyprus	5.75
Bank of Ireland	5.75
Bank of India	5.75
Bank of Scotland	5.75
Barclays Bank	5.75
Brit Bk of Mid East	5.25
●Brown Shipley & Co Ltd	5.75
CL Bank Nederland	5.75
Citibank NA	5.75
Clydesdale Bank	5.75
The Co-operative Bank	5.75
Coutts & Co	5.75
Credit Lyonnais	5.75
Cyprus Popular Bank	5.75
Duncan Lawrie	5.75
Exeter Bank Limited	6.75
Financial & Gen Bank	6
●Robert Fleming & Co	5.75
Girobank	5.75
●Guinness Mahon	5.75
Habib Bank AG Zurich	5.75
●Hambros Bank	5.75
Heritable & Gen Inv Bk.	5.75
●Hill Samuel	5.75
C. Hoare & Co	5.75
Hongkong & Shanghai	5.25
Julian Hodge Bank	5.75
●Leopold Joseph & Sons	5.75
Lloyds Bank	5.75
Meghraj Bank Ltd	5.75
Midland Bank	5.75
* Mount Banking	6
NatWestminster	5.75
●Rea Brothers	5.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Royal Bk of Scotland	5.75
●Smith & Williman Secs	5.75
TSB	5.75
●United Bk of Kuwait	5.75
Unity Trust Bank Plc	5.75
Western Trust	5.25
Whiteaway Laidlaw	5.75
Yorkshire Bank	5.75

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 13 / Sch)

BELGIUM/LUXEMBOURG (Sep 13 / Frs.)

DENMARK (Sep 13 / Kr)

FINLAND (Sep 13 / Mks)

FRANCE (Sep 13 / Frs.)

GERMANY (Sep 13 / Dm.)

ITALY (Sep 13 / Lire)

NETHERLANDS (Sep 13 / Fls.)

NORWAY (Sep 13 / Kroner)

SPAIN (Sep 13 / Pts.)

SWEDEN (Sep 13 / Kronor)

SWITZERLAND (Sep 13 / Frs.)

PACIFIC

JAPAN (Sep 13 / Yen)

HONG KONG (Sep 13 / H.K.$)

MALAYSIA (Sep 13 / MYR)

SINGAPORE (Sep 13 / S$)

AUSTRALIA (Sep 13 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Sep 13 / Can $) 4 pm close

MONTREAL (Sep 13 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Sep 13 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. High/Lows are for 1994, except Toronto & Montreal (daily). ♣ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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TOKYO - MOST ACTIVE STOCKS: Tuesday, September 13, 1994

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	13.7m	377	+2
Toyota Motor	12.0m	2,100	-10
Chiba Bank	5.2m	881	-4
Hitachi Zosen	5.1m	528	+3
Ricoh	4.9m	940	-3
Marubeni	4.7m	553	+6
Kawasaki Steel	4.0m	428	-2
Tsumura	3.4m	1,170	-200
Mitsubishi Hvy	3.4m	789	
Nissan Motor	3.0m	793	+18

INDICES

	Sep 13	Sep 12	Sep 9	1994 High		1994 Low	
Japan							
Nikkei 225 (16/5/49)	20046.11	19917.28	19897.88	[illegible]	13/6	[illegible]	4/1
Nikkei 300 (1/10/82)	290.76	289.04	289.88	311.71	13/6	[illegible]	4/1
Topix (4/1/68)	1592.51	1586.17	1586.60	1712.73	13/6	[illegible]	4/1
2nd Section (4/1/68)	2279.27	2234.14†	2311.31	[illegible]	6/7	[illegible]	4/1
Malaysia							
KLSE Comp.(4/4/86)	1169.11	1169.05	1181.66	1314.46	5/1	[illegible]	4/4

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 STOCK INDEX FUTURES (MATIF)							
Sep	1984.0	1980.0	+6.0	1981.0	1942.0	29,915	40,169
Oct	1976.5	1989.0	+5.5	1987.0	1953.0	-	3,260
Dec	1995.0	2008.0	+6.0	1995.0	1974.0	131	13,464

Open interest figures for previous day.

— Sat Sep 10: Taiwan Weighted Price 6999.92; Korea Comp-Ex 998.52. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♣ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Sep 13 - 2167.15 +1.34

US INDICES

	Sep 12	Sep 9	Sep 8	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	465.21	465.10	473.14	[illegible] (2/2)	436.92 (4/4)	[illegible] (2/2/94)	4.40 (1/6/32)
Industrials♥	550.06	551.95	557.45	[illegible] (2/2)	510.05 (21/4)	[illegible] (2/2/94)	3.62 (21/6/32)
Financial	45.28	45.51	46.10	[illegible] (14/9)	41.39 (4/4)	[illegible] (25/9/93)	8.64 (1/10/74)
NYSE Comp.	257.32	258.38	260.62	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	456.06	454.54	455.51	[illegible] (3/2)	422.57 (25/6)	[illegible] (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	760.01	763.78	769.30	[illegible] (18/3)	693.79 (24/6)	[illegible] (18/3/94)	54.87 (31/10/72)

RATIOS

	Sep 9	Sep 2	Aug 26	Year ago
Dow Jones Ind. Div. Yield	2.71	2.65	2.64	2.81
	Sep 7	Aug 31	Aug 24	Year ago
S & P Ind. Div. yield	2.37	2.33	2.37	2.46
S & P Ind. P/E ratio	20.96	21.11	20.73	27.86

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	465.70	467.80	+2.25	467.80	465.60	23,532	92,960
Dec	467.75	469.90	+2.25	469.90	467.10	75,293	166,876
Mar	-	472.55	-	472.55	-	74	4,662

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Hanson	10,945,500	18⅝	–
Borden	10,368,700	13⅝	+2
RJR Nabisco	5,487,400	6¾	-⅛
Am Express	4,268,500	30⅝	+¼
Unisys	3,698,800	10¼	+½
Alleg. Pow	3,679,800	20⅜	+1¼
Woolworth	2,812,400	17⅜	+⅜
Glaxo	2,371,300	18⅜	-⅛
Wal-Mart	2,165,300	25⅜	+⅛
Blockbuster	1,822,500	26	+½

TRADING ACTIVITY

● Volume (million)

	Sep 12	Sep 9	Sep 8
New York SE	244.659	295.624	294.915
Amex	13.376	14.750	16.068
NASDAQ	202.100	252.151	273.931
NYSE			
Issues Traded	2,889	2,844	2,854
Rises	781	570	1,316
Falls	1,363	1,662	808
Unchanged	745	612	740
New Highs	32	40	82
New Lows	75	71	27

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close September 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅞	12¾	AAR	0.40	3.8	22	301	13½	13⅜	13½	+⅛
18⅞	12⅝	A L Labs A	0.18	1.2	35	280	15⅞	15½	15½	-⅜
75¼	57⅞	AMP	1.68	2.3	25	3809	72½	70¾	72⅝	+2⅛
72¾	52⅛	AMR			50	2029	58¾	55	50	-⅜
5	3⅞	ARX			12	12	3⅞	3⅞	3⅞	+⅛
56⅛	38⅝	ASA	2.00	3.9	33	318	51⅜	50½	50⅞	-1
31⅞	25⅜	AbbtL	0.78	2.5	17	9563	30⅛	29⅞	30	
14½	11⅛	Abitibi Pr	0.50	2.8	18	50	14⅛	14	14	
23⅝	17⅜	ACM Ind	0.52	2.3		82	22⅛	22⅛	22¼	-¼
15⅛	11⅛	Acptncein			27	63	14⅛	14⅝	14¾	+¼
31	22⅜	ACE Ltd	0.44	1.8	30	628	24⅜	24	24⅜	+⅛
12½	9⅝	ACM Gvt In	1.08	11.1		475	10	9¾	9⅞	
10½	7⅛	ACM GvOpp	0.80	11.2		200	7¼	d7⅛	7⅛	
10⅝	7½	ACM Gvt Sp	0.96	12.8		349	7¾	d7½	7½	-⅛
12	8⅝	ACM Gvt Se	1.08	12.7		371	8¾	d8⅝	8⅝	
11¼	8⅜	ACM Man	1.08	12.2		305	9	8⅞	8⅞	
9¼	8	ACM Mazagd	0.72	8.9		171	8⅛	d8	8⅛	
15½	0⅞	AcmeCv	0.44	3.5	15	2369	12⅝	11⅞	12⅝	+⅛
9⅞	6½	Acme Elect			7	28	8⅞	8¾	8⅞	
28¾	33	Acordia	0.60	2.2	13	10	27⅝	22¼	22½	
13⅞	5¾	Actava	0.36	2.3	3	705	11⅛	10⅞	10¾	-⅜
15⅝	11¼	Acuson			118	888	15¼	14⅝	15⅛	+½
18⅛	16½	Adams Expr	0.48	2.7	0	115	17⅝	17½	17⅝	+⅛
64	46½	Ad Micro	3.00	5.2		28	58	58	58	+1
31¾	16¾	AdvMic	3.00	10.6	12	4018	28½	28⅛	28⅜	+⅞

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

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- R -

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- S -

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

4 pm close September 13

Continued from previous page

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Price	Chng. Prev. Close
54½	50	Xerox4.125	4.12	7.8		5	54⅛	54⅛	54⅛	
59¾	49	Xtra Corp	0.58	1.1	22	112	50¾	49½	49½	-¾
25½	20	Yankee Egy x	1.22	5.7	12	28	31½	31⅜	21⅝	+¼
42½	33⅞	York Int	0.16	0.4	20	378	41½	40½	41¼	+⅝
5½	1	Zapata	0.14	3.1		97	4⅝	4½	4½	-⅛
13½	7	ZenithEl			5	1614	10½	10⅛	10½	+¼
27⅞	20⅝	Zenith Nat	1.08	4.6	9	116	24⅞	24½	24⅞	+¼
7⅞	6⅝	Zenix Inc	0.83	11.4		144	7¼	7⅛	7¼	
16⅛	11⅞	Zero	0.40	3.1	19	313	13	12⅞	13	+⅛
28¾	16⅞	Zum Ind x	0.88	4.7	16	258	19½	18¾	18⅞	-⅛
19⅞	11½	Zweig Fund	1.08	9.3		327	11⅝	d11½	11⅝	
10⅜	8¼	Zweig Tot	0.84	9.7		318	8⅝	8½	8⅝	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

4 pm close September 13

AMEX COMPOSITE PRICES

4 pm close September 13

AMERICA

Inflation data give Dow renewed heart

Wall Street

US stocks moved higher yesterday morning after a tame reading on consumer price inflation brought some encouragement to a depressed bond market, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was up 13.80 at 3,874.14, while the more broadly based Standard & Poor's 500 was 0.97 ahead at 467.18. Advancing issues led declines on the Big Board by an 11-to-seven margin in moderate volume of 175m shares.

In the secondary markets, the American SE composite was 1.30 better at 456.36, and the Nasdaq composite added 3.91 at 763.92.

A two-session bout of selling, triggered by Friday's news of an unexpected jump in producer prices, came to an end yesterday morning. Before the market opened yesterday, the labor department revealed a 0.3 per cent increase in the August consumer price index, a figure that compared favourably with the consensus forecast.

Amid the relief, investors largely ignored contradictory evidence in a regional manufacturing survey. The Federal Reserva Bank of Atlanta said the prices-paid component of its monthly survey of business conditions showed a moderate upturn.

In spite of that unfavourable news, analysts said the more benign reading in the consumer sector would allow the Federal Reserve to wait until November before lifting short-term interest rates again. That scenario had seemed less credible in the aftermath of last week's report on prodncer prices.

The improved outlook yesterday enabled bonds to post moderate gains during the early morning, giving additional support to those stocks affected most by the impact of a rate increase on the economy. But the pessimism among bond traders proved to be firmly rooted. As Treasuries retraced their steps, the solid improvement in equities eroded somewhat.

Among the Dow industrials, raw material suppliers – which also benefit from the accelerating trend in producer prices – led the way. Alcoa was up $⅞ at $83½ and International Paper climbed $1⅜ to $74¼.

Elsewhere in the robust paper and pulp sector, Georgia Pacific gained $1¼ to $73 and Champion International added $1⅜ to $36⅝.

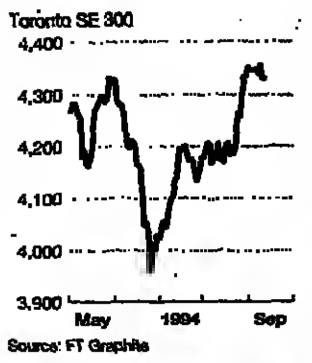
Bellwether IBM set the positive tone among technology issues, moving $1 higher to $68⅞.

But it was semiconductor issues which showed the most sparkle over the morning after the release of the August book-to-bill ratio, a keenly watched indicator of the industry's future performance. A surprisingly strong reading sent Micron Technology $1⅛ higher to $40⅛ and Texas Instruments up $1¼ to $75⅞.

The session propelled two relative unknowns into the NYSE's most active list. Western Company of North American, an oil-services concern, jumped $4⅝, or nearly 38 per cent, to $16⅞ after BJ Services announced its interest in acquiring the company. BJ said it was appealing directly to Western's shareholders after the rejection of its unsolicited $450m offer, worth $18.50 a share.

Meanwhile, EMC added $1 to $18⅞ in unusually brisk trading of 2.2m shares. The activity reflected a positive reaction by analysts to the company's announcement that it was developing storage applications for "video on demand" services.

Canada



Source: FT Graphite

Toronto was mixed with a firm bias at noon as the market failed to keep pace with rallying New York eqnities and the stronger Canadian dollar. The TSE-300 composite index moved np 3.48 to 4,333.35 in heavy morning volume of 29.3m shares. The dollar was sent to a seven-month high by the atronger than axpected showing of the defeated Liberal party in the Quebec elections, indicating that popular support for separation was not overwhelming. Falls in precious metals dampened gains in interest rate-sensitive conglomerates and financials services.

Mexico

Mexican equitles were propelled higher during early trading by gains on Wall Street, following the release there of CPI data. At midesssion the IPC index of the 37 most traded stocks was up 13.91 or 0.5 per cent at 2,722.7. Turnover was 165m pesos in volume of 11.8m shares.

Telmex ADRs were up $½ at $62⅞ in New York, while in Mexico the L shares improved 1.1 per cent. Gains outpaced declines by 21 to 6.

EUROPE

US data provide support to late closing bourses

Markets took a waiting brief during the morning ahead of the release of the US CPI data, which encouraged their performance in the afternoon.

FRANKFURT reacted to the US data with a modest gain in the post-bourse after falling back nearly 1 per cent during the session. However, brokers commented that investors remained nervous, illustrated by the low trading volume.

The Dax index retreated 18.52 to 2,136.09.

In the post-bourse, the Ibis indicated index moved to 2,144.56. Turnover totalled DM5.4bn.

Aside from the economic news there was little else to stimulate activity. Bayerische Hypo Bank, which announced the price for its one-for-10 capital increase at DM350, lost DM6.30 at DM408.20.

Bayer was down a further DM3.20 at DM365.30 following news on Monday of its purchase of Sterling Drug's North American over-the-counter pharmaceuticals business.

AMSTERDAM moved slightly higher, the AEX index finishing at 412.69, a gain on the session of 0.88.

Gist-Brocades, the consumer goods group, which had been downgraded to hold by James Capel on Monday, added 90 cents at Fl 45.10, in line with the market trend. Capel explained that after three years of strong profits growth – 23 per cent on average – the 9.9 per cent first-half figures disappointed investors. Capel lowered its net profits growth forecast from 15 per cent to 10 per cent annually which, due to stock option dividends, would translate as an annual increase in earnings per share of 6.5 per cent.

PARIS was another market to turn from a weak morning to strength in tha afternoon. The CAC-40 index finished 2.57 up at 1,969.36, having been off nearly 1.5 per cent during the early part of the day. Turnover was some FFr3bn.

Legrand was one of the most popular stocks, gaining FFr240 at FFr6,670 after forecasting a 30 per cent rise in profits for the full year.

FT-SE Actuaries Share Indices

Sep 13							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1363.71	1362.22	1359.33	1359.21	1358.78	1359.97	1366.28	1367.41
FT-SE Eurotrack 200	1408.24	1406.77	1404.59	1408.13	1406.76	1405.36	1413.73	1412.44

	Sep 12	Sep 8	Sep 9	Sep 7	Sep 6
FT-SE Eurotrack 100	1368.09	1370.93	1380.01	1371.13	1371.03
FT-SE Eurotrack 200	1416.17	1416.30	1431.14	1428.33	1427.57

Base 1000 (26/10/90). High/day: 100 - 1367.51; 200 - 1414.66 Low/day: 100 - 1358.69 200 - 1403.44 † Partial

MILAN picked up late in the day, helped by the US data and the outcome of talks between Mr Silvio Berlusconi and union representatives on reform of the pension system.

The Comit index was flat, finishing 0.64 lower at 648.19, while the real time Mibtel index picked up from a day's low of 10,312 to finish 28 ahead at 10,429.

Olivetti reversed recent falls with a L36, or 1.8 per cent, advance to L1,986 and Credito Italiano picked up L95, or 4.6 per cent, to L2,140, although dealers said there was no news to explain the rise.

Ferruzzi fell L50, or 3.1 per cent, to L1,565 in the wake of moves by the Ferruzzi family to contest decisions made at the August 1993 shareholders' meeting on the accounts, and speculation about a capital increase.

In the telecommunications sector, Telecom Italia rose L40 to L4,330, but the holding company Stet eased L15 to L4,625 after Mr Michele Tadeschi, chairman of state industrial holding company IRI, said that a first tranche of the state-owned telecommunications sector should be sold by the end of the year.

ZURICH rebounded after early weakness, the SMI index picking up from a low of 2,624.3 to finish 15.8 higher at 2,658.3, with the strengthening dollar providing additional support.

Banks led the market higher. CS Holding rose SFr12 to SFr567, still benefiting from its decision to withdraw its offer for Austria's Creditanstalt-Bankverein. UBS bearers rose SFr15 to SFr1,220, and among the insurers, Zurich added SFr16 at SFr1,279.

Nestlé rose SFr19 to SFr1,236 ahead of tomorrow's results: analysts are expecting a modest increase in first-half profits but forecast that second-half earnings should surge due to the capital gain from selling its L'Oreal distribntorships to L'Oreal.

The pharmaceuticals sector was mixed, Roche certificates rising SFr40 to SFr6,225 but Sandoz losing SFr6 at SFr700.

STOCKHOLM was supported by a stronger crown, a more stable debt market and the US CPI figures. The Affärsvärlden index put on 3.9 at 1,454.2.

The banking and insurance sector climbed almost 3 per cent. S-E-Banken's "A" shares advanced SKr1.70 to SKr46.20, while Handelsbanken "A" rose SKr2 to SKr101.

NCC "B" was up SKr3.50 at SKr63 after the construction group said it had sold its entire stake of 25.7m shares in the British-Swedish stainless steelmaker Avesta Sheffield to BZW, giving it a capital gain of about SKr1.2bn.

MADRID reacted wildly first to higher than expected inflation figures in Spain which triggered early losses, and then to the US's CPI data which caused a rebound.

At the end of the day, the general index was ahead 3.10, or 1 per cent, at 301.82 on a turnover of Pta31.16bn. Dealers said stocks with ADRs performed well in the afternoon session and there was also strong buying in the banks.

Among the banks, Santander added Pta60 at Pta5,180 and Argentaria put on Pta240 at Pta5,450.

Written and edited by John Pitt, Michael Morgan and James Whittington

ASIA PACIFIC

Nikkei regains 20,000 level for first time in four days

Tokyo

Buying by public funds and investment trusts supported share prices, and the Nikkei 225 average closed above the technically important 20,000 level for the first time in four trading days, *writes Emiko Terazono in Tokyo.*

The index was finally np 128.83 at 20,046.11 after a low for the day of 19,826.37 in the morning session and a high of 20,097.02 in the afternoon.

Volume picked up to 339m shares from Monday's 192m, but most overseas investors and domestic institutions remained on the sidelines due to the lack of fresh incentives. However, corporate fund managers stepped up profit-taking to boost their earnings ahead of the September book closing, while buying by public funds and arbitrageurs countered the rise in stock sales.

The Topix index of all first section stocks put on 6.34 at 1,592.51 and the Nikkei 300 added 1.72 at 290.76, but declines led rises by 531 to 440, with 201 issues unchanged. In London the ISE/Nikkei 50 index eased 0.19 to 1,300.56.

In spite of the rise in share prices, traders said underlying investor confidence remained sluggish.

Japan Telecom, regarded as the recent benchmark for market sentiment, declined Y70,000 to a new low of Y4.2m. The company has been a casualty of oversupply fears since its listing on the second section last week.

DDI, another telecommunications stock on the second section, fell Y14,000 to Y884,000, while East Japan Railway, a leading shareholder of Japan Telecom, lost Y3,000 at Y500,000. But Nippon Telegraph and Telephone finished Y4,000 ahead at Y888,000 on buying by public funds after sliding to a low of Y879,000 during the day.

Mitsui Trust and Banking advanced Y30 to Y1,080 on reports that it had started to clear its balance sheet. Other trust banks were also higher, Mitsubishi Trust adding Y40 at Y1,430 and Sumitomo Trust Y50 at Y1,380.

Tsumura, a pharmaceutical company, retreated by its daily limit of Y200 to Y1,170 on selling by individual investors. Reports of in-house squabbling among executives discouraged investors.

In Osaka, the OSE average rose 22.47 to 22,250.59 in volume of 109.6m shares. Rohm, the semiconductor device maker, gained Y60 at Y4,320 for the second consecutive day.

Roundup

Trading in some of the Pacific Rim markets was restrained ahead of yesterday's key US inflation data.

SEOUL turned back from an intraday high for the year as active selling of an estimated Won40bn of shares by a state-run fund wiped out most of the early gains. The composite index ended 0.32 easier on balance at 995.38, after touching a year's peak of 1,006.21.

Brokers said the government wanted the index to remain below the 1,000 mark ahead of the Chusok full-moon holidays next week amid worries that a sharp rise in stock prices could provoke discontent among farmers, who have criticised government policies favouring city dwellers.

Primary blue chips remained strong in spite of selling by the stock stabilisation fund. Volume totalled 41.1m shares, compared with Monday's 36.2m.

HONG KONG picked itself up after the previous day's steep fall but the mood was cautious ahead of yesterday'a US inflation data on worries that higher short-term US interest rates wonld feed through to local rates.

The Hang Seng index ended 46.64 higher at 9,937.01, pushed up largely by selected blue chips, in turnover that shrank to HK$3.7bn from Monday's HK$5.19bn.

H shares, which were sold off sharply on Monday, bounced back on Japanese buying. The H-share index of China-incorporated issues rose 40.47, or 2.8 per cent, to 1,471.89.

Tianjin Bohai was the most active H share, np 12 cents at HK$1.50, followed by Yizheng Chemical Fibre, 19 cents ahead at HK$3.13.

BOMBAY edged back from Monday's record peak, the BSE 30 index giving up 29.15 at 4,599.42 after testing a new high during the day of 4,628.93.

Among the day's gains, Raymond Woollen Mills rose Rs37.50 to Rs400 on expectations of better half-yearly results.

SINGAPORE saw a technical rebound as Malaysian speculative shares traded over the counter ignored Wall Street's weak overnight performance.

The Straits Times Industrial index closed 19.27 higher at 2,299.66 after a day's peak of 2,310.30.

KUALA LUMPUR traded in a tight range, the composite index finishing just 0.06 firmer at 1,169.11 in volume of 401m shares.

Sateras Resources moved forward 20 cents to M$3.40 on rumours that a politically linked group was buying a stake in the company.

BANGKOK saw a rally in blue chips during the afternoon which brokers said was a technical rebound. The SET index added 17.32, or 1.16 per cent, at 1,507.73 in Bt7.1bn turnover.

Siam City Bank topped the actives list and moved ahead Bt1 to Bt31.

TAIPEI retreated as investors were seen moving out of industrial stocks, particularly in the plastics and petrochemicals sectors. The weighted index shed 12.46 to 6,955.02 in thin turnover of T$56.87bn.

Tung Ho Steel saw heavy profit-taking, ending 7 per cent down at T$42.80 in spite of announcing a successful issue of global depositary receipts.

Elsewhere, Hwa Nan Bank rose T$4 to T$215, First Commercial advanced T$3 to T$182 and Chang Hwa Bank gained T$1 at T$193 in late trade.

MANILA recovered from Monday's fall on late buying and the composite index finished 33.9 higher at 2,953.24. Turnover came to 2.3bn pesos in volume of 3.2bn shares.

Oil refiner Petron was the day's most active stock, although it closed unchanged at 23.50 pesos.

PLDT again led the advances, rising 2.2 per cent to 1,580 pesos, while Meralco "A" moved ahead 2.50 pesos to 285 pesos and the "B" stock climbed 1.4 per cent to 367.50 pesos.

SYDNEY was helped higher by Commonwealth Bank announcing an increase in profits. The All Ordinaries index closed 10.7 ahead at 2,043.6 after touching 2,051.7.

Commonwealth Bank ended a net 19 cents up at A$7.69 after jumping 4 per cent within minntes of the profits announcement. Other banks mostly rose in sympathy: ANZ appreciated 8 cents to A$3.93 in turnover of 5.74m shares and Westpac 4 cents to A$4.35 but NAB slipped 6 cents to A$10.

Coles Myer, the retailer, improved 9 cents to A$4.03 on the back of strong earnings.

WELLINGTON was depressed by a fall in forest sector stocks, although Telecom was a steadying influence.

The NZSE-40 capital index shed 17.28 to 2,093.80 after a 2.2 per cent decline on Monday. Fletcher Challenge dropped 11 cents to NZ$4.14.

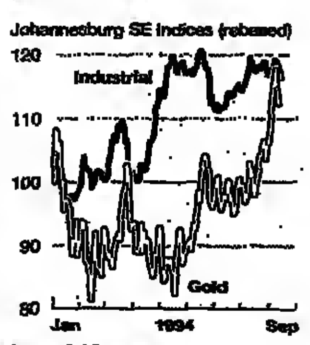
S Africa drifts lower; golds steady

Johannesburg drifted lower in dull trade as the market waited for further direction amid concern about prospects for bnllion and world equities. The overall index slipped 19 to 5,863 and industrials dropped 39 to 6,547.

Dealers said trnders were cantious about a weak industrial sector and fears of inflation. New figures showed that the producer price index rose sharply in July to its highest annual rate in two years, heralding a possible return to donble-digit inflation by the end of the year, and exceeding market expectations. The all-commodities index rose 1.7 per cent for the month to show a 9 per cent gain year-on-year, the highest since Angust 1992 when the rate was 9.5 per cent. The engineering conglomerate Barlows receded 50 cents to R31.75.

Gold shares, meanwhile, managed to hold steady in spite of the softer metal price in largely technical trade. Golds edged up 7 to 2,417 and the bullion's afternoon fix was down below the $390 an ounce level to $389.60. Mr Emin Eyi from Baring Securities described the small gain, however, as "the start of an underlying rise in gold shares". He cited a weakening commercial rand, helping exporters, and prospects of a rise in interest rates as reasons why the market should ptck np. Dries added 75 cents at R68.50.

South Africa



Source: FT Graphite

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY SEPTEMBER 12 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY SEPTEMBER 9 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	172.20	-1.7	163.39	107.75	138.19	153.88	-1.9	3.57	175.11	187.40	109.88	140.38	156.36	189.15	139.24	141.90
Austria (17)	196.11	-1.4	186.08	122.71	157.37	157.34	-1.3	1.02	198.89	190.14	124.80	159.44	159.39	198.89	164.64	175.67
Belgium (37)	174.54	-0.9	165.91	109.21	140.06	136.73	-0.5	4.04	175.50	167.77	110.12	140.68	137.46	177.04	143.62	152.86
Canada (104)	135.41	0.3	128.48	84.72	108.66	133.87	0.0	2.51	135.06	128.11	84.74	108.26	133.91	145.31	120.54	124.35
Denmark (33)	252.85	-1.1	239.92	158.21	202.90	209.53	-1.1	1.42	255.53	244.28	160.33	204.83	211.92	276.79	229.94	231.73
Finland (24)	190.56	-0.6	171.32	112.97	144.89	188.12	-1.4	0.74	181.70	173.70	114.01	145.65	190.73	181.70	104.28	112.33
France (97)	173.43	0.9	164.56	108.51	139.16	143.79	0.6	3.06	172.43	164.83	108.19	138.22	142.90	185.37	159.34	169.46
Germany (59)	148.13	-1.5	140.56	92.69	118.87	118.87	-1.4	1.73	150.40	143.78	94.37	120.57	120.57	150.40	124.39	126.79
Hong Kong (56)	405.72	-2.9	384.97	253.86	325.58	402.48	-2.6	3.04	412.42	398.09	261.29	333.81	413.12	506.56	292.08	301.62
Ireland (14)	212.13	-0.3	201.28	132.73	170.23	194.25	-0.6	3.27	212.82	203.45	133.54	170.60	195.81	216.80	181.54	172.94
Italy (59)	79.07	-0.4	75.02	49.47	63.45	82.71	-0.5	1.67	79.36	75.87	49.80	63.62	83.17	87.78	57.88	75.74
Japan (469)	159.98	0.3	151.80	100.10	128.38	100.10	0.0	0.76	159.51	152.49	100.09	127.87	100.09	170.10	124.54	156.67
Malaysia (97)	576.72	-0.9	547.23	360.86	462.80	566.95	-1.1	1.46	582.14	556.51	365.28	466.66	573.17	621.63	392.03	397.63
Mexico (18)	2293.14	-0.2	2175.80	1434.91	1840.12	8534.51	-0.2	1.20	2298.02	2196.94	1441.93	1842.12	8551.43	2647.08	1615.11	1756.82
Netherland (27)	216.10	-0.4	205.05	135.22	173.42	170.73	-0.3	3.36	217.03	207.48	136.19	173.98	171.27	218.19	180.25	188.06
New Zealand (14)	73.44	-2.5	69.68	45.95	58.93	64.67	-2.3	3.70	75.35	72.03	47.28	60.40	66.21	77.59	59.22	61.17
Norway (23)	204.97	0.1	194.49	128.25	164.48	188.64	0.0	1.75	204.87	195.85	128.55	164.23	188.62	211.74	165.52	172.87
Singapore (44)	361.70	-0.2	343.21	226.32	290.25	248.56	-0.9	1.70	362.40	346.45	227.40	290.51	250.05	378.82	285.31	287.25
South Africa (59)	308.33	-0.5	292.56	192.92	247.42	302.05	-1.2	2.12	310.15	296.49	194.61	248.62	305.73	314.24	176.89	179.88
Spain (42)	139.52	-1.3	132.36	87.29	111.95	135.59	-1.4	4.25	141.39	135.17	88.72	113.34	137.48	155.79	128.89	140.49
Sweden (36)	227.99	1.5	218.33	142.66	182.96	252.87	0.6	1.58	224.70	214.61	140.98	180.12	251.45	231.35	175.83	189.87
Switzerland (47)	167.82	0.1	159.24	105.00	134.67	133.64	0.0	1.82	167.60	160.22	105.19	134.35	133.64	178.58	135.70	136.97
United Kingdom (204)	199.70	0.4	189.48	124.95	160.25	189.48	-0.4	3.99	198.99	190.23	124.88	159.52	190.23	214.96	181.11	191.89
USA (517)	190.19	-0.4	180.45	118.99	152.91	190.19	-0.4	2.85	190.98	182.57	119.83	153.09	190.98	196.04	178.95	198.84
EUROPE (718)	173.76	-0.1	164.88	108.72	139.44	154.09	-0.4	3.01	173.93	166.27	109.13	139.42	154.71	178.58	153.96	159.06
Nordic (116)	221.31	0.4	209.99	138.47	177.59	210.27	-0.2	1.41	220.34	210.64	138.25	176.63	210.67	222.03	173.19	180.43
Pacific Basin (748)	170.15	0.0	151.45	106.48	136.54	111.31	-0.3	1.08	170.22	162.73	106.81	136.45	111.63	176.88	134.79	160.86
Euro-Pacific (1466)	171.55	-0.1	162.78	107.34	137.66	126.30	-0.3	1.91	171.66	164.10	107.71	137.60	128.74	175.14	143.88	160.07
North America (621)	186.79	-0.4	177.22	116.86	149.88	186.29	-0.4	2.83	187.51	179.25	117.65	150.31	187.04	192.73	175.67	184.87
Europe Ex. UK (514)	155.98	-0.4	148.00	97.59	125.19	133.18	-0.4	2.49	156.54	149.65	98.22	125.48	133.73	158.12	134.97	138.60
Pacific Ex. Japan (279)	268.12	-1.7	254.41	167.77	215.19	238.16	-1.8	2.72	272.84	260.83	171.20	218.72	242.47	296.21	200.13	203.21
World Ex. US (1647)	173.30	-0.1	164.44	108.44	139.07	132.19	-0.3	1.92	173.42	165.78	108.82	139.02	132.64	176.65	146.58	160.05
World Ex. UK (1960)	175.75	-0.2	166.76	109.97	141.03	146.23	-0.4	2.06	176.19	168.43	110.55	141.24	146.77	178.59	155.96	166.35
World Ex. So. Af. (2105)	177.04	-0.2	167.98	110.77	142.07	149.02	-0.4	2.24	177.37	169.56	111.29	142.19	149.55	180.03	158.54	168.63
World Ex. Japan (1695)	189.37	-0.4	179.66	118.48	151.99	179.68	-0.5	2.86	190.12	181.75	119.29	152.40	180.63	195.20	174.04	176.90
The World Index (2164)	177.87	-0.2	168.77	111.29	142.73	150.14	-0.4	2.24	178.21	170.36	111.82	142.85	150.69	180.80	158.85	168.56

Latest prices unavailable for this edition.